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FINANCIAL TIMES

Europe's Business Newspaper — TUESDAY FEBRUARY 15 1994

Investors reject $1.3bn settlement offer by Lloyd's

Investors who have made heavy losses in the Lloyd's of London insurance market yesterday rejected the market's £900m ($1.3bn) settlement offer, and are now expected to seek compensation through court action. Page 16; Editorial Comment, Page 15

Russia's reformers warn of crisis: Russia's leading radical reformers warned of an economic and political crisis by spring – and made it clear they were completely opposed to the government's policies. Page 3

Engineering strike looms in Germany: Leaders of Germany's engineering workers and their employers have less than three weeks to head off the threat of an all-out strike in a prime industrial region after the breakdown of pay talks. Page 2; Editorial Comment, Page 15

Ghana massacre alleged: More than 500 people are reported killed in ethnic fighting in northern Ghana. Military officials said 30 villages had been attacked and thousands made homeless in the fighting.

Europe plunged into near-Arctic freeze



More than 14 people died across Europe as Arctic weather conditions gripped the continent. Near-record lows were registered in eastern Europe and Russia. Moscow's night-time temperature sank to -35C compared with an all-time low for February of -42.2C set in 1940. Heavy snow cut off hundreds of villages in eastern and north-eastern Turkey. In the UK, temperatures fell to -5C, covering the Royal Coat of Arms fountain *(above) near the House of Commons in icicles.* Weather report, Page 16

Zulu king plans secession: Zulu King Goodwill Zwelithini said he was preparing to set up an independent Zulu kingdom in Natal Province in defiance of the African National Congress and the South African government. Page 6

UAP seeks cash: Union des Assurances de Paris, the largest French insurance group and the next company due for sale under the government's privatisation drive, is negotiating to raise cash for its international expansion plans. Page 17

Turkey's new bank chief: Yaman Toruner, 45, chairman of the Istanbul stock exchange, was named as Turkey's central bank governor to replace Bulent Gultekin. Page 2

US boost for Kazakhstan: President Bill Clinton is expected to increase the US commitment to the former Soviet republic of Kazakhstan to *as much as $300m for its efforts* to dismantle nuclear weapons. Foreign investment pours into Kazakhstan. Page 6

Sell-off plan for UK atomic authority: Britain's radioactive sites will remain a state responsibility under British government plans expected this week for the £200m ($292m) privatisation of the UK Atomic Energy Authority. Page 8; Editorial Comment, Page 15

Fokker, Dutch aircraft manufacturer, is to reduce annual output from around 60 to 40 aircraft, leading to the loss of some 1,900 jobs. Page 20

AT&T recruits from Digital: Pier Carlo Falotti, former European head of computer maker Digital Equipment, has been appointed first European chief executive of American Telephone & Telegraph, US telecoms group. Page 13.

Foster's profit surge: Australian brewer Foster's reported a 21 per cent increase in after-tax profits in the half-year to end-December to A$210.8m (US$151m). Page 21

Major rebuffed over Rushdie: Iran rebuffed a call by UK prime minister John Major urging revocation of a five-year-old death edict on writer Salman Rushdie. The Iranian news agency IRNA said the sentence "has to be carried out".

US paraglider faces deportation: American paraglider James Miller, 30, who landed half-naked on the roof of Buckingham Palace in London this month was fined £200 ($292) and recommended for deportation.

Clash over seal exports: Animal rights activists are resisting plans to export 50,000 seals from the devastated Newfoundland fishing industry *to China. The Chinese use seal genitalia as the* basis of an aphrodisiac drink. Page 16

Markets fear US will boost Japan's currency to raise price of its exports

Yen gains strength after collapse of trade talks

By William Dawkins in Tokyo and Philip Gawith in London

The yen yesterday rose to its highest level in five months and leading Japanese stocks fell 2.7 per cent as financial markets responded to the weekend failure to reach agreement with the US over a trade accord.

The stronger yen reflects nervousness in currency markets that the US administration will talk up the Japanese currency as a means of curbing the $50bn trade deficit by making Japanese exports more expensive.

The US administration said yesterday that it would not be hasty in considering its response to the failed talks. President Bill Clinton told reporters: "We are reviewing all our options. We haven't ruled anything out," and, asked whether US sanctions could lead to retaliation and a trade war, said: "It could be, but I think they (the Japanese) would have to think long and hard about it."

- US weighs use of sanctions *bludgeon* Page 5
- Japanese coalition partners consider party merger Page 6
- Lex Page 16
- Currencies Page 38
- *World stock markets* Page 42

The Nikkei share average fell 531.45 points to 19,459.25 because of fears about lost export sales by Japanese companies. The yen closed in London yesterday at Y104.1 to the dollar, Y3 up on the level at which it closed in New York on Friday. In mid-afternoon New York trading, it gained further, dipping below Y102 to the dollar.

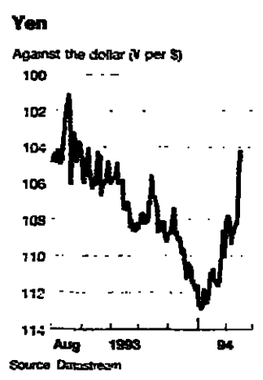
Japan's leaders said they would take steps before the July summit of the Group of Seven leading industrialised nations to deal with the deficit. Mr Morihiro Hosokawa, prime minister, told his coalition partners that the situation "must be improved" and that the continuing surplus with the US was "not favourable". The government and private sector must both make efforts to reduce the surplus, he said.

The prime minister received support from Mr Michio Watanabe, former foreign minister and a faction leader in the opposition Liberal Democratic party, who warned that Japan risked a trade war with the US unless it worked out its own market-opening measures.

The US administration made clear, however, that any move to re-open talks should come from Japan. Mr Mickey Kantor, US trade representative, said: "They understand exactly what the framework means. They understand the need to open up their markets." He said US officials would meet all week to formulate a response to "the failure of the Japanese government to live up to its obligations".

The renewed rise in the Japanese currency provoked concern from the Bank of Japan, which said it would take steps in co-operation with other industrialised countries if the currency speculation continued. "The economic fundamentals do not necessarily justify the current trend in the yen rate," said a senior central bank official.

Currency analysts also warned against the dangers of the yen strengthening too far. Mr Neil MacKinnon, chief economist at Citibank in London, noted that a 10 per cent appreciation in the yen would result in a 0.5 per cent fall in Japanese gross domestic product growth. "Even from the US point of view, there must be a recognition that a Japanese economy that is expanding is preferable to one that is flat on its back," said Mr MacKinnon.



Mr Mark Cliffe of Nomura Research Institute in London said: "The strength of the yen is clearly going to undermine confidence further. Unchecked, further yen strength would undermine the stock market and could lead to a flight of capital out of Japan."

The signs are that Mr Hosokawa faces an uphill battle to stimulate the flagging economy, one of the few methods of cutting the surplus available, given Japan's staunch opposition to US demands for numerically targeted increases in market share.

Elf privatisation share sale draws 3m subscribers

By John Ridding in Paris

The privatisation issue of Elf-Aquitaine, the oil group which is France's largest industrial company, attracted more than 3m individual investors and was three times subscribed, Mr Edmond Alphandéry, the economy minister said yesterday.

He described the share sale as "a popular success". The strong level of demand for the issue, the largest in the government's ambitious programme to sell 21 publicly owned groups, would result in a full clawback of shares from institutional investors, the economy minister added.

Under the terms of the issue, the 27m shares allocated for institutional investors can be reduced by 20 per cent to satisfy strong demand from individuals, who were originally allocated 33m shares. The total proceeds of the sale of most of the government's 51 per cent stake in the oil group are expected to total about FFr35bn ($5.85bn).

The strong demand for the Elf issue continues the steady progress of the privatisation programme of the centre-right government of Mr Edouard Balladur. Last year's privatisations of Banque Nationale de Paris and Rhône Poulenc, the chemicals and pharmaceuticals group, were also oversubscribed.

"The Elf sale shows there is still strong demand in the French market," said an industry analyst in Paris. He added that the level of interest in the privatisation issues partly reflected the pricing of the issues – Elf shares were offered at FFr385 compared with a market price of FFr415 at yesterday's close – and the fact that the first privatisation candidates are among the most attractive companies in the state sector.

Next on the privatisation list is Union des Assurances de Paris, France's largest insurance group. The French government has also said it will privatise Renault, the motor group, by the end of the year.

As with the previous privatisation issues, the issue of Elf shares comes against a background of falling profits. In 1993, the group saw net profits fall to FFr1.1bn from FFr6.2bn in the previous year. Mr Philippe Jaffré, chairman, has outlined a strategy of cost cutting and tighter control over investments.



Associated Press
Two Bosnian soldiers, one wearing a UN helmet, carry anti-tank weapons through the snow in Sarajevo after the quietest weekend of the 22 month war. Bosnian Serbs besieging the city turned in more of their heavy weapons yesterday. Page 16

EC will fine steel groups for cartel

By David Gardner in Brussels

The European Commission will fine leading European steel manufacturers tomorrow for operating a cartel in heavy steel sections and beams for the construction industry.

Up to 20 companies in seven *EU member states and three Nordic countries* have been found to be distorting competition in European steel products, breaching the European Coal and Steel Treaty which bans price-fixing and the sharing out of markets, a senior Brussels official said.

Brussels' action comes as the Commission steps up pressure on private steelmakers to cut production, as part of the restructuring plan for the industry agreed by the 12 just before Christmas.

Among steelmakers facing fines are Arbed, British Steel, Fried Krupp-Hoesch, NMH Stahlwerke, Saarstahl, and Fundia Norske, officials confirmed.

The level of fine will be set at a meeting tonight of senior Brussels officials.

It will take place at the same time as a dinner in Brussels between Mr Karel Van Miert, the competition commissioner, Mr Martin Bangemann, the industry commissioner, and leading steelmakers grouped in Eurofer, the industry association.

An official said the competition directorate "would like to have a serious fine" imposed, but that the level of sanction would be subject to "a political appreciation".

Fines can be levied up to 10 per cent of annual sales in the sector, but an official said last night that the normal level was about 2 per cent of turnover.

He declined to be drawn on where the axe would fall tonight.

The fines follow a three-year long investigation into the steel cartel.

Officials do not deny, however, that bringing the inquiry to a head now will bring pressure on Europe's private steelmakers to accept the crisis measures adopted last year.

In December, EU industry ministers approved Ecu6.8bn ($7.5bn) in government subsidies

Continued on Page 16
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US implant manufacturers agree $3bn compensation fund

By Richard Waters in New York

Three US healthcare groups have agreed to provide more than $3bn between them for a proposed worldwide compensation fund for women who have suffered ill health as a result of silicone breast implants.

Dow Corning, Bristol-Myers Squibb and Baxter International said they had now reached an agreement between themselves, and with representatives of claimants, that would lead to the three bearing 80 per cent of the estimated $4bn settlement costs over the next 30 years.

The settlement is intended to benefit women around the world who have already suffered illnesses, or who may become ill in future. However, lawyers in the US said that the bulk of the settlement would go to women in that country.

Women living outside the US pose less of a threat to implant manufacturers because they will find it harder to bring legal cases in the US, where court compensation awards tend to be higher.

All women who have made complaints about implants will be included in the deal and lose their right to sue manufacturers unless they opt out.

This aspect of the arrangement is likely to be scrutinised by the district court in Birmingham, Alabama, where all the implant cases have been consolidated. The court must approve the terms of the settlement for it to take effect.

Most cases brought in the US involve alleged damage to the immune system caused by implants, though many also cover cosmetic damage. The manufacturers continued to argue yesterday that medical evidence did not prove that the implants caused illness, and said they would continue to fund research in this area to reassure women.

"The issue is not likely to be clarified fully by science for a number of years," said Mr John Churchfield, chief financial officer of Dow Corning. "It is best for all the parties involved to reach a solution quickly."

The settlement would be threatened if a large number of women decided to opt out. In that case, Bristol-Myers said it would withdraw from the deal. Women who have suffered cosmetically from implants are believed to fare worst under the deal, and are the most likely to reject it.

All three companies reported one-off charges in the final quarter of 1993 in anticipation of the settlement. Bristol-Myers said the present value of the future payments it expected to make under the settlement was $1.154bn, out of a total of $1.5bn costs associated with implant claims. Of this, at least $1bn was covered by insurance, it said.

Dow Corning put its total contributions to the fund at $2bn over the next 30 years. It announced a pre-tax charge of $640m for the fourth quarter, after expected recoveries under insurance policies. Baxter said the settlement would cost it $556m, $426m of which would be covered by insurance.

STOCK MARKET INDICES

FT-SE 100	3,963.5	(-15.4)
Yield	3.49	
FT-SE Eurotrack 100	1,477.57	(-9.79)
FT-SE-A All-Share	1,693.96	(-0.4%)
Nikkei	19,459.25	(-531.45)
New York: lunchtime		
Dow Jones Ind Ave	3,916.45	(+21.67)
S&P Composite	471.72	(+1.54)

US LUNCHTIME RATES

Federal Funds:	3¼%
3-mo Treas Bills: Yld	3.321%
Long Bond	97/32
Yield	6.404%

LONDON MONEY

3-mo Interbank	5⅞ (same)
Life long gilt future:	Mar 115½ (Mar115½)

NORTH SEA OIL (Argus)

Brent 15-day (Apr)	$13.475 (13.715)

Gold

New York Comex (Apr)	$385.6 (381.7)
London	$382.75 (380.75)

STERLING

New York lunchtime:		
$	1.4715	
London:		
$	1.4693	(1.4683)
DM	2.5622	(2.5685)
FFr	8.7875	(8.73)
SFr	2.1598	(2.1644)
Y	152.954	(153.214)
£ Index	80.7	(81.0)

DOLLAR

New York lunchtime:		
DM	1.74135	
FFr	5.92	
SFr	1.47185	
Y	103.75	
London:		
DM	1.7438	(1.7517)
FFr	5.9263	(5.9538)
SFr	1.4699	(1.4761)
Y	104.1	(107.9)
$ Index	66.7	(67.4)

Tokyo close Y 105.69

Austria	Sch32	Greece	Dr350	Lux	LFr55	Qatar	QR13.00
Bahrain	Dn1.250	Hong Kong	HK$18	Malta	Lm0.60	S.Arabia	SR11
Belgium	BFr65	Hungary	Fr185	Morocco	MDh15	Singapore	S$4.30
Bulgaria	Lv25.00	Iceland	Kr215	Neth	R 4.00	Slovak Rp	KSk50
Cyprus	C£1.10	India	Rs80	Nigeria	Naira50	South Africa	R12.00
Czech Rp	C2h.50	Israel	Shk6.90	Norway	NKr17.00	Spain	Pta225
Denmark	DKr15	Italy	L3000	Oman	OR1.50	Sweden	SKr18
Egypt	E£5.00	Japan	Y500	Pakistan	Rs40	Switz	SFr3.30
Finland	FM14	Jordan	JD1.50	Philippines	Pes50	Syria	S£90.00
France	FFr9.00	Kuwait	Fils.625	Poland	Zl 32,000	Tunisia	Dn1.500
Germany	DM3.50	Lebanon	US$1.50	Portugal	Esc225	Turkey	Lt3000
						UAE	Dh12.00

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Striking French fishermen hit ports

By John Ridding in Paris

Striking French fishermen yesterday blocked several Mediterranean ports and disrupted cargoes of fish travelling from Brittany ports in support of their demands for increased aid and protection against cheap imports.

Marseilles, Port St Louis and Fos-sur-Mer were among the ports blocked until the afternoon by trawlers and other vessels.

Fishermen from Brittany, where the two-week strike has been centred, stopped lorries travelling to Paris to check if they were carrying fish. Several fish lorries had their cargoes dumped on the roads.

The protest, which saw violent demonstrations at the beginning of the dispute, has evolved into a stand-off between fishermen and the government.

Fishermen last week voted to continue their action despite a series of concessions from the centre-right government of Mr Edouard Balladur, including two aid packages worth a combined FFr450m ($75.25m).

Union leaders have demanded extra measures to protect the French fishing industry from cheap imports and are calling for an emergency meeting with Mr Balladur. But, since last weekend, they have also urged members to avoid violence to prevent the loss of public support.

The French government yesterday ruled out negotiations or further concessions. "There is no question of re-opening negotiations," said Mr Jean Puech, the minister for agriculture and fisheries. "The government has done what is necessary and the measures respond to what was demanded," he said.

In addition to financial support, the government has tightened inspection requirements relating to fish imports. French officials say that the inspection criteria are in line with EU regulations, but the measures have drawn protests from trading partners, including the US.

Germany faces a strike nobody wants

Damaging stoppage looms after collapse of pay talks, writes Quentin Peel

The failure last Friday night of top-level talks between the leaders of Germany's engineering workers and their employers has put the rhetoric of strike – and lock-out – back in the headlines.

The two sides now have slightly less than three weeks in which to head off the threat of an all-out strike in one of Germany's main industrial regions – a strike which nobody wants, and which undoubtedly would be damaging to an industry already in the throes of its steepest recession since the war.

Both sides stormed out of the talks in Darmstadt on Friday blaming the other for inflexibility and a refusal to negotiate. Neither side is ready to be first to propose new talks. Both say a strike is increasingly inevitable, and the employers are threatening to match strike action with lock-outs.

Yet Germany's cautious labour laws, and the precise framework of the annual wage round, mean that the process is not that easy or quick to put into effect. Moreover, new labour legislation means that a strike could prove considerably more painful, even for a union as wealthy as IG Metall, than it used to be.

It is now up to the 14 regional wage negotiating commissions of IG Metall, the 3.2m-strong engineering workers' union, formally to decide that negotiations have failed, and that they want to hold strike ballots. The entire wage negotiating process is decentralised, even though the final agreement is usually the same for all of the regions.

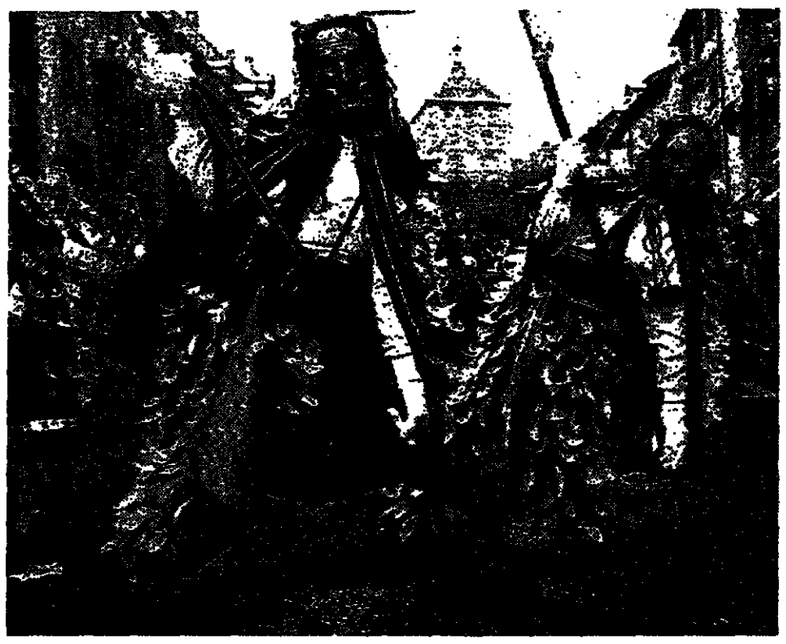
That process will take the rest of this week – disrupted already by the celebration of the annual pre-Lent carnival in large centres such as Cologne, Düsseldorf and Mainz.

The regional decisions must reach union headquarters in Frankfurt by next Monday, February 21. That is the deadline set by IG Metall's national executive to decide on holding a strike ballot, which in turn will take several days to organise, and at least two days to conduct.

Thus it will only be by the first week of March that the union is ready to call full-scale strike action, and even then it will only be in one region: a national strike would rapidly exhaust union strike funds. The region will probably be either North Rhine-Westphalia, the traditional centre of heavy industry where the employers are set to be most militant, or Baden-Württemberg, the home of Daimler-Benz and Robert Bosch, among the blue-chip industrial employers.

That should give time enough for both sides, in spite of their hardline rhetoric, to have one more attempt at compromise.

IG Metall says it is ready to meet for more talks at any time, and at any level. Given the failure of the national leaders to find a solution on Friday, it seems likely they will try at regional level next time round.



Associated Press

Yesterday's Rose Monday carnival - these jesters in traditional feathered costume come from Rottweil - gave German workers a break from pay and job concerns

Mr Klaus Zwickel, the union leader, has also warned his members about the unpleasant consequences of a change in the employment promotion act agreed by parliament last year. In future, union members who are not on strike, but who are put on short-time working, or laid off, as a result of strike action by their own union, will not qualify for any unemployment benefit.

Mr Zwickel made it clear last week that IG Metall had not got the resources to pay such workers strike benefits either. It means that the union will have to choose its strategy even more carefully than in previous years, in order to maximise the immediate effects of the action, and minimise its secondary effects.

Few doubt the solidarity of the IG Metall membership, if the leadership calls clearly for strike action. But it is also obvious that few members are enthusiastic, either. There is a widespread suspicion that many employers may actually welcome an enforced period of closure, at a time of flagging demand throughout the engineering sector.

Moreover, the union lacks an easy wage claim on which to seek strike backing: the current claim, for 5.5 to 6 per cent, has already been abandoned in all but name. The leadership has made clear it will settle for a nominal rise, provided it is not an outright pay freeze.

Now the slogan is "job protection" and "income protection" with the emphasis on the former. It may prove more difficult to persuade the membership that the best way to protect their jobs is to go on strike. That is the gamble the employers are taking, in pushing the union to the brink of open warfare.

Editorial comment, Page 15

Both sides have same priority - saving jobs

By Quentin Peel

There is one thing on which both sides agree, in the conflict brewing in Germany's once-mighty engineering industry: on the need to save jobs. They have been disappearing at more than 30,000 a month over the past year, or by around 600,000 since 1991, according to Gesamtmetall, the employers' federation.

The trouble is they cannot agree on how to do it. Indeed, their alternative proposals, which led to a breakdown in negotiations in Darmstadt last Friday, seem to belong to different industrial worlds.

The solution proposed by IG Metall, the engineering workers' union, has the attraction of simplicity. It is to cut working hours, at least as a temporary, emergency remedy for the next two years. In return, employers would guarantee not to cut any more jobs for the same period.

Such an agreement was negotiated last November by Volkswagen, with the introduction of a four-day week for its entire workforce, as an alternative to sacking some 30,000 out of its 100,000-plus employees.

In the first place, the union suggests bringing forward by 18 months the agreed 35-hour week, set to come into effect in October, 1995. And secondly, it wants to allow the national wage agreement to be made flexible, to allow individual plants to negotiate deals for shorter hours, down to 30 a week, as an alternative to outright redundancies.

The problem, as far as the employers are concerned, is that the union is demanding at least partial compensation for the loss of earnings involved. Each hour cut from the working week costs an engineering worker about 2.8 per cent of his earnings: the union wants some of that – say 1.4 per cent per hour – put back in his pay packet.

As far as Gesamtmetall is concerned, such a solution can only suit a handful of employers who are facing a disastrous, but temporary, slump in demand for their products. It would reduce their absolute wage bill, but actually raise unit wage costs, already 40 per cent higher than comparable costs in France or the US.

For a start, the employers say there should be no compensation at all for loss of earnings for those who agree to a shorter working week: any alternative would raise unit costs. It would make a full-time worker, on a 30-hour week, relatively more expensive to employ than a part-time worker. Moreover, if a plant agrees to put only certain departments on short-time, it would be invidious to pay those workers more per hour than their fellows still working full-time.

Gesamtmetall's negotiators are certainly in favour of a flexible "working time corridor" for individual plants to negotiate individual solutions. But they want that flexibility to include longer hours, as well as shorter, so that plants can go back, in certain circumstances, to a 40-hour week.

The employers recognise that the "VW solution" may suit some, if they are working far below their normal capacity, and would otherwise have to pay massive redundancy for thousands of workers. At VW, the deal was agreed as a cheaper alternative than redundancy payments for 30,000.

> Alternative proposals are far apart

"The VW solution is a way of coping with scarcity [of demand], but it doesn't make any new products, and it does not open any new markets," the federation says.

Moreover, the employers point out that VW has still not been able to put its four-day week into effect in its two biggest plants because of the complexity of reconciling such a sweeping solution to industrial reality.

IG Metall is not prepared to give a blanket "opening" in the wage contract for plants to go back to a 40-hour week: that would amount to abandonment of its hard-fought 35-hour deal, the union leadership believes.

And anyway, there is a clause in the current deal which allows 18 per cent of a factory workforce to work up to 40 hours – and barely any employers are using it.

So, the union says work less and save jobs, and the employers say work more and save jobs. No wonder they are so far apart.

And yet, in spite of the recriminations, the two sides have come a fair way towards each other. IG Metall is prepared to see more flexibility in the collective wage contract, which is already a big concession. It is prepared to forego most, if not quite all, compensation for shorter working hours.

Gesamtmetall recognises that a shorter working week may be the right emergency solution for some of its members. It insists that it is not seeking a backdoor re-introduction of the 40-hour week – only for exceptional cases. And it is no longer insisting on the outright scrapping of holiday bonus pay, a red rag for the union negotiators.

The employers still insist they must have a cut in real costs to save jobs. The union wants to guarantee jobs by working less all round. The difference appears to be not so much ideological as a difference in the perception of reality. That is a very fundamental gap to be bridged.

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Turkish currency crisis takes toll in car industry

By John Murray Brown in Istanbul

Turkey's two largest car manufacturers yesterday announced lay-offs and production cuts following a sharp drop in sales, in the first signs of the fallout from the recent currency crisis.

The sales slowdown follows a month of money market turbulence, and reflects more costly consumer credit. The government has raised interest rates to bolster the currency after a 12 per cent devaluation.

Turkey's economy grew by 8 per cent last year, but with output now expected to fall across a range of sectors, growth forecasts for this year are being cut sharply.

Tofas, the local subsidiary of Fiat of Italy, confirmed plans to cut output by 33 per cent, by reducing factory shifts and sending 2,500 workers home on compulsory leave. The French-Turkish venture, Oyak Renault, is to shut its Bursa plant for a week.

Tofas, with 25 per cent of the market, reported a 30 per cent fall in sales in January. The company is cutting output to reduce costly stock levels. Tofas raised car prices twice in January by a total of 20 per cent in response to the devaluation. Union officials warned yesterday that a sustained slowdown could result in large-scale job shedding.

In 1993, the car sector was one of the star performers with production up 33 per cent in 1993 and demand fuelled by easy credit terms.

However the recent currency crisis is particularly painful for an industry investing an estimated $1bn to introduce new lines to prepare for the competition which will follow the customs union with the European Union.

In Turkey last week, Sir Leon Brittan, the EU commissioner, urged the government to introduce a stabilisation package, warning that without improvements in the economy, Turkey would not benefit from a customs union.

The customs union is currently set to be implemented in 1995. However the latest crisis could derail the timetable. Turkish car producers are already calling for a five-year reprieve of the deadline, according to a recent study by Mckinseys, the US management consultants.

Governor named for central bank

Mr Yaman Toruner, a 45-year-old former bank official and currently the chairman of the Istanbul stock exchange, has been appointed as Turkey's new central bank governor following the resignation of Mr Bulent Gultekin last month, writes John Murray Brown in Istanbul. Mr Toruner is the third governor to serve under Turkey's prime minister Tansu Ciller since she took office last June. Both previous incumbents resigned over policy differences with the prime minister.

Mr Toruner's main task will be to restore confidence in the lira after last month's 12 per cent devaluation. His chief tool will be interest rates. However with rates on government securities already at 125 per cent for one-year paper, the government is trying to restrain further increases as a way to reduce its budget costs.



Toruner: third governor

Russian officials 'blocking oil funds from west'

By Leyla Boulton in Moscow

Official western efforts to pump investment funds into reviving Russia's ailing oil industry are being blocked by obstacles put up mostly by Russian officials, bankers say.

A prime victim has been $2bn in export credits guaranteed by the US Eximbank and first made available last December to help speed aid to the Russian economy. The facility requires the Russian government to provide export quotas to Russian oil producers so they can repay loans to buy capital equipment.

But the fate of the oil loans provides a clear illustration of just how difficult it is to channel money to support Russian reforms even when funds are available.

Western bankers say that the oil quotas required by the US loan facility so far have not been forthcoming, though Mr Sergei Konychev, chairman of the Development Project Finance Bank, whose shareholders include the European Bank for Reconstruction and Development (EBRD) said that he was confident the quotas would be made available in a matter of weeks.

He said officials were unfamiliar with the scheme, while one western banker said the Eximbank requirements were too complicated for most oil companies to bother with.

Mr Konychev said oil producers were presently absorbed in an annual battle with the government for extra roubles to help deal with customers which are not paying their bills, such as state-owned oil refineries.

Others bankers say some oil company managers were reluctant to take on new debt and export obligations at a time when the industry was overtaxed and saddled with non-paying customers. One said "severe" congestion in Russian pipelines made it difficult to get oil out of the country.

A $60m emergency loan by the EBRD for Nizhnevartovskneftegas, one of the country's biggest oil companies, has been held up for similar reasons.

Many private western companies meanwhile have almost given up hope of making any meaningful large-scale investment in Russia. A presidential decree providing for production sharing, which would generate more secure revenues for western investors, has yet to be backed up by a vote in parliament. Designed to cut through red-tape, presidential decrees have increasingly lost their credibility, as they have been consistently blocked at implementation level.

Navy will mothball carriers

The Russian navy is mothballing three of its five aircraft carriers, admitting yesterday it did not have the resources to keep them afloat, Reuter reports from Moscow.

The Kiev, part of the Northern Fleet, and the Minsk and the Novorossiysk from the Pacific Fleet, are still young. The Kiev was commissioned in 1975, the Minsk in 1978 and the Novorossiysk in 1982, according to Jane's Fighting Ships, a standard reference.

The navy said all three needed an overhaul, but Russia had neither the resources nor a shipyard to carry out the work.

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Crisis likely in economy 'by spring'

By John Lloyd in Moscow

Russia's leading radical reformers yesterday warned of an economic and political crisis by spring – and made it clear they were now in complete opposition to the policies of the present government, led by Mr Viktor Chernomyrdin.

The largest of the radical parties, the Russia's Choice group led by Mr Yegor Gaidar, former first deputy prime minister, intends to constitute itself as a fully-fledged political party at a founding conference this Saturday. A draft declaration of the party's programme, produced after a meeting of its leadership over the weekend, claims that communist and fascist forces linked to a criminal bureaucracy are planning a "political reaction" – while "the executive, in order to withstand reaction, moves further and further from the course of reform."

At the same time Mr Boris Fyodorov, former finance minister, warned yesterday that, on present government policies, hyperinflation and financial collapse were inevitable by spring this year. He said the budget deficit could grow to as much as Rbs100,000bn.

"There are some elementary things that have to be done: bring down inflation, bring down the budget deficit, keep interest rates higher than inflation," said Mr Fyodorov.

"These are elementary things – but the government has done nothing. As long as these trends continue there will be no investment, and thus there will be no growth in production, and people will live worse."

These similar estimates, coming in the week before President Boris Yeltsin is expected to focus on the economy in his state of the nation address from the Kremlin on Friday, have underscored the determination of the radicals not to support the government, even though a few of their colleagues – notably Mr Anatoly Chubais, the deputy premier in charge of privatisation – remain within it.

However, the radicals sharply distinguish the government from the president. Russia's Choice's draft declaration says that it will "mobilise social, political and parliamentary support for the reforms brought in by President Yeltsin since 1991. We support the president who put such a strategy in place."

Russia's Choice, which has been riven with dissension since the election and from which a number of members – including Mr Fyodorov – have defected, is now seeking to claim the prime place in reform and is also attempting to claim that, while in opposition to government policies, it is still the natural presidential party.

However, there is a strong vein of self-criticism in the declaration – which talks of "paying dearly for the lack of elementary organisation in our ranks: our duty is to unite and to put our policies into action".

A familiar spectre haunts Europe again

This time its guise is Russian nationalism in the former Soviet Union, writes **John Lloyd**

Last week the parliament of Estonia protested against Russian "imperialism" and what it called its increasing tendency to "see the Baltics as its zone of influence and pressure".

Estonia's action, a case of *lèse majesté* by the smallest of the former Soviet republics against the largest, is not a lone sign of alarm. Throughout the states of the old Union of Soviet Socialist Republics, and increasingly in western foreign ministries, the spectre of a "neo-imperialist", or at least a hegemonic, Russia is being fed into discussion and giving an edge to formal statements which were once of undiluted support.

For instance, two weeks ago, the US state department expressed "anxiety" over reports that Mr Andrei Kozyrev, the Russian foreign minister, had appeared to say that the Russian army would stay in Estonia and Latvia to protect the Russian minorities there.

It is an issue which Mr John Major, the British prime minister, is likely to bring up with Mr Boris Yeltsin today. As the first senior western leader to meet Mr Yeltsin for a month – during which time western alarm has grown – he will be in a good position to gauge the mood in Russia as it begins its hardest year yet since the break-up of the Soviet Union.

While the elections in December, which showed so much support for the ultra-nationalist and communist parties, proved a shock to the west, a tendency to extend Russia's political and economic reach once more throughout the former Soviet space had been observable for much of last year.



Kozyrev: provoked 'anxiety'

Yet little or no public note was taken of this in the west where policy (especially US policy) towards Russia remained that the country was by far the most important among the former communist states and that it should be treated as a friend. This attitude reached its apogee last month at the Russia-US summit, where President Bill Clinton went out of his way to reassure the world that Mr Yeltsin retained his reformist credentials.

Increasingly this view, pushed by Mr Strobe Talbott, US deputy secretary of state designate, is under attack from within the US and within the leading industrialised countries. Professor Peter Reddaway, a leading Russia expert based at Washington's Peace Foundation, says that "behind the assurances about 'continuing the reforms', which the US has trustingly accepted at face value, a new course towards authoritarianism is being quietly prepared".

In a review of Russian policy towards the "near abroad" – a revealing phrase which Russian politicians, and the public generally, tend to use about the other former Soviet states – Harvard University's Kennedy School claims that a "disturbing pattern" has appeared in Russia's relations with its neighbouring states.

"... In each of the conflicts [in these states] there is evidence to suggest that Russia has intervened in such a way as to promote their escalation and/or continuation instead of their cessation .... In a manner that would seem consistent with Russian policy, the sovereignty of each of the former republics of the Soviet Union has been compromised, forcing them into a dependent relationship with Moscow."

This trend to domination and authoritarianism is now remarked upon in particular by those most critical of the "partnership for peace" initiative, under which Nato offered closer co-operation with the central European states but stopped short of offering them the membership they so wanted. This, say the critics, was because the Nato states and in particular the US, did not want to offend Russia.

"The risks of not extending Nato eastward are enormous," says General William Odom of the Hudson Institute, and former director of the US National Security Agency. "A new strategic divide will be drawn in Europe eventually .... The issues are how, where and what kind of divide."

Mr Vaclav Havel, the Czech president, put the matter succinctly on the New York Times last October: the Nato issue, he wrote, is in large part about the domestic politics of Russia. If "forces still enamoured of the imperial ambitions of the former Soviet Union" increase their power they are bound to see Nato as a threat: but if democrats win out, they will see that "Nato is not Russia's enemy but its partner (whose) expansion ... would bring Russia closer to a region of democracy and prosperity".

The issue will increasingly be debated within Russia – especially as, perhaps as early as this week, a treaty will be prepared which would unite the economy of Belarus with that of Russia, in effect putting the first under the control of the second.

For the democrats, this is at once absurd and alarming. Mr Boris Fyodorov, the former finance minister, now a deputy in the lower house, said yesterday: "This is the union of two states, and it must be at minimum the subject of discussion in the parliament and probably of a referendum. Actually, it is less the union of the economies in a rational way but a union of the red directors of both countries who want to re-establish their links."

Mr Fyodorov believes that Mr Viktor Chernomyrdin,the prime minister, has made the re-establishment of the economic union one of his main priorities in the year ahead: and that this economic union will take the form of a political union, since the fledgling governments of these states will find themselves tied hand and foot by Moscow once more.

However, Mr Sergei Stankevich, a leading member of the Party of Russian Unity and Accord and former Yeltsin adviser, says: "There is no way Russia can ignore the fate of the more than 25m Russians outside of its borders, and so our policy will be geared to that. But Russia cannot take responsibility for these states again and any western view that these moves are neo-imperialist completely misunderstands the situation."

In the end, the issue is nationhood: can Russia accept its borders, accept that the Russians in the "near abroad" are, however near, still abroad – and thus encourage them to become good citizens of another country? Or does it still see them as its people – and thus the land on which they live as Russian as well?

NEWS IN BRIEF

Three-year pay deal in Ireland

Ireland's government, employers and unions yesterday announced a new three-year tripartite agreement aimed at holding down pay and inflation and creating jobs, writes Tim Coone in Dublin. The accord links macroeconomic policies aimed at controlling inflation and job creation to centralised pay deals in the public and private sectors.

Centralised pay deals have been the norm in Ireland since 1987, bringing labour stability and helping to cut inflation and government borrowing. The inflation rate was 1.5 per cent last year, and government borrowing 2.5 per cent of gross national product.

The deal allows for an overall 8 per cent pay rise in the private sector from 1994-96, and 11 per cent in the public sector up to June 1997. The additional 3 percentage points for public sector employees is a carry-over from the last agreement.

If the government can hold inflation to 2.5 per cent this year as planned, and to similar levels in subsequent years, this should mean wage increases will not outstrip inflation during the course of the present agreement.

Spain on path to recovery

Spain's recession bottomed out in the final quarter of 1993 and the economy is set to recover very slowly this year, according to forecasts by the monetary authorities and independent institutions, writes Tom Burns in Madrid.

The Bank of Spain said annualised gross domestic product fell 0.9 per cent last September against a drop of 1.4 per cent in June. By December, it believed the economy had ceased to shrink. Final data for last year would show that GDP fell 0.9 per cent, in line with the mid-year figure and in accordance with the finance ministry's projections, the bank said.

Its provisional fourth quarter estimate was endorsed by Banco Bilbao Vizcaya, which said yesterday that the fall in GDP was checked in October and that the economy grew, on a monthly basis, by 0.2 per cent in November.

The Bank of Spain suggests the main factor fuelling modest recovery is the growth of exports which contrasts with extremely slack domestic consumption. It said private consumption fell by 2 per cent last year because of concern about rising unemployment.

Figures released yesterday showed that 63,000 more Spaniards registered as unemployed last month, little changed from a year earlier. Registered unemployment stood at 2.7m, 17.9 per cent of the working population. The national employment institute said, however, that 408,000 new job contracts were recorded last month, a 9 per cent increase on 12 months ago.

French surplus grows

France had a balance of payments surplus in November of FFr23.84bn (£2.73bn), compared with one of FFr11.44bn in October and FFr39.15bn in November 1992, the economy ministry said, Reuter reports from Paris.

The cumulative surplus in the first 11 months of 1993 was FFr33.9bn, against FFr119.49bn in the same period the year before. The current account showed a seasonally adjusted surplus of FFr3.13bn in November after a FFr7.48bn surplus in October.

Prices edge up in Portugal

Portuguese markets shrugged off a 0.8 per cent rise in consumer prices in January compared with 0.3 per cent the previous month, considering the figures reflected a seasonal rather than overall trend, dealers said, Reuter reports from Lisbon. Year-on-year inflation for the month was 6.3 per cent compared to 6.4 per cent a year earlier.

Romania faces general strike

Alfa Cartel, Romania's second largest trade union bloc, said yesterday it was postponing a general strike scheduled for tomorrow until February 28 in order to join forces with CNSLR-Fratia, the country's other main union confederation, writes Virginia Marsh in Bucharest.

In addition to mounting industrial stoppages and pickets, the strikers plan to block roads and fuel deliveries, interrupt telecommunications every 10 minutes and cut bread production by two-thirds, CNSLR-Fratia said.

The two unions, which together represent 4.8m workers, are demanding the government accelerate economic reform, improve the social security system and take measures to solve the "financial blockage".

In recent weeks, many workers have not been paid because of a liquidity crisis at highly-indebted state concerns. Inter-enterprise debt has risen to an all-time high of $2.8bn, according to the finance ministry.

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Productivity seen as key to US expansion

White House economist predicts investment will grow and efficiency pick up, writes Michael Prowse

Economic expansion in the US in the 1990s will be powered by a sustained increase in productivity growth, Ms Laura Tyson, chief White House economist, indicated yesterday.

This year's Economic Report of the President – the first produced under Ms Tyson's supervision – predicts that non-farm business productivity will grow at an average annual rate of 1.5 per cent during the 1990s, roughly twice as fast as in the previous two decades.

The increase in productivity growth – output per hour – will compensate for a decline in labour force growth caused by the ageing of "baby boomers" and permit the economy to grow robustly throughout this decade, she says.

Most economists regard productivity growth as the main source of long-term improvements in living standards. Without an increase in productivity growth, President Bill Clinton would not be able to deliver on his promise to raise real wages for the bulk of middle income families whose incomes stagnated during the 1980s.

Ms Tyson's prediction of a sustained recovery in productivity growth follows release of encouraging statistics for the past two years, especially in industry.

Manufacturing productivity grew by 5.3 per cent last year after a 4.3 per cent gain in 1992. Overall productivity increased 1.6 per cent last year and by 3.1 per cent in 1992.

The report says productivity growth will stay strong for three main reasons:

- The baby boom generation that entered the workforce during the 1970s is now fully assimilated. Today's workforce is thus older, more educated, and more experienced than in past years.
- The low level of long-term interest rates, reflecting expectations of low inflation and a declining budget deficit, will result in a steady rise in private business investment.
- Targeted public investments in education, workforce training, infrastructure, high-tech communications, and commercially relevant technology will increase economic efficiency.

Private sector analysts would add that productivity is likely to be permanently boosted by extensive corporate restructuring to meet the challenge of more vigorous global competition.

The council of economic advisers appears confident that the current business upturn will persist through this decade, making it one of the longest on record. Ms Tyson predicts that real gross domestic product will grow by 3 per cent this year and by an annual average of 2.5-3.0 per cent from 1995 to 1999.

The unemployment rate (on the revised basis introduced this month) will decline from a range of 6.6-7.2 per cent this year to 5.8-6.4 per cent in 1999.

The forecast assumes the Federal Reserve will accommodate a gradual increase in inflation, from 2.7 per cent last year to 3.0 per cent this year and 3.4 per cent from 1997 onwards – a period when the Fed will be chaired by a Clinton nominee rather than Mr Alan Greenspan, whose announced goal is "price stability."



Laura Tyson finds US workers better educated Picture: Paul Cordon

In spite of the projected increase in inflation, Ms Tyson optimistically expects short- and long-term interest rates to remain below 4.5 per cent and 6 per cent respectively throughout the forecast period.

The tone of Ms Tyson's report differs from those produced by conservative economists during the Reagan and Bush years. It tries to debunk the notion that higher tax rates damage economic performance, claiming that economies "can thrive under a wide range of top marginal tax rates".

Thus the US enjoyed healthy growth of 4 per cent a year during the 1960s when the top rate averaged 80.3 per cent – nearly twice as high as that imposed in last year's budget. While some people may cut their hours of work, others will work longer to meet savings or consumption targets, the report predicts.

Ms Tyson also claims that cuts in top rates in the 1980s led to a permanent reduction in personal tax revenues as a share of GDP, whereas tax surcharges in the late 1960s had the opposite effect. Higher rates under the Clinton plan were thus likely to raise revenue and reduce the deficit.

The report also takes a different view of microeconomic efficiency, arguing that this can often be promoted by government intervention.

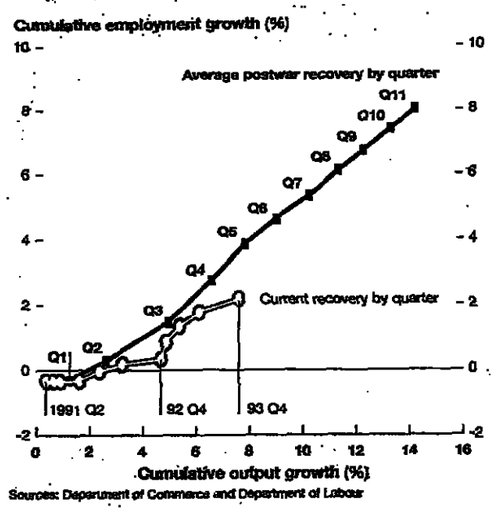
The goal of the administration's technology policy, for example, is "not to substitute the government's judgment for that of private industry" but to "correct a genuine and significant market failure – underinvestment in basic research and in precommercial R&D resulting from the divergence between private and social returns to those activities".

The rapid increase in federal support for commercially relevant technology reflected the end of the cold war and the need to replace a "defence-led" strategy by one aimed at improving US global economic competitiveness.

Perhaps the most significant deviation from previous economic reports of the president is a lengthy justification of the administration's deviation from classical free trade principles – its attempt unilaterally to force Japan to agree to numerical targets for increases in foreign companies' share of its domestic market.

The report says "the preponderance of evidence" points to the "closed nature of the Japanese market" despite Japan's nominal adherence to international trading rules. The Clinton administration's controversial "results-oriented" policy is thus the only practicable way to tackle Japan's hidden trade barriers.

Employment and output in recoveries



Sources: Department of Commerce and Department of Labour

New debt crisis may hit Latin America

By Stephen Fidler, Latin America Editor

Latin American borrowers have raised more than $40bn (£27bn) in the last four years through foreign bond issues.

But a new report from economists at the US bank, JP Morgan, suggests that the debt crisis of the 1980s may be revisited on some countries in the 1990s, in a new form. It pinpoints a lack of growth in exports as the main source of weakness.

"Latin America remains vulnerable to external shocks, whether on the trade front or in the global capital markets," the bank argues in a review of the sustainability of Latin America's debts.

It says that such risks do not appear urgent today and that Latin American economies are in much better balance internally than in the early 1980s because fiscal deficits have been reduced or turned into surpluses.

But it argues that the region's trade and current account balances have worsened since then, leaving economies vulnerable.

This deterioration has been due both to trade liberalisation and the renewed availability of foreign capital.

"While these current account balances are readily financed at the present time, because of the availability of external capital, the deterioration in their external balances suggests that some Latin American countries may find themselves unable to generate sufficient future foreign exchange earnings at some point in the future," the report says.

It argues that the current availability of external finance provides countries with an opportunity to develop competitive export sectors.

Unless this happens – and the implication of the report is that Chile is the only country where export performance has shown a marked improvement since the 1980s – the countries may be vulnerable in the future to a sudden shift in investor preferences.

The report says that some measures of capacity to pay have improved in most countries since the early 1980s.

But one important criterion – the ratio of debt to exports – leaves Latin America at higher levels than many other developing countries. Only Mexico and Chile have substantially lowered their debt-to-export ratios in the last decade.

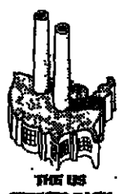
However, other factors reduce the region's vulnerability to debt problems. First, the base of investors is more diversified and therefore may not be as sheep-like as commercial banks were in the early-1980s.

Second, external finance is going mainly to private rather than public sector borrowers – although well over 30 per cent of Latin Eurobonds were issued by the public sector in 1990-93.

Third, the new wave of Eurobonds has been largely tied to fixed rather than floating interest rates, with only 4 per cent of the 1990-93 Eurobonds carrying floating coupons.

American way of serving leads to success

FT writers on growing evidence that the US is top of the world in services sector competitiveness



THE US STRIKES BACK

Five of the largest US local telephone companies have announced in the past few months plans to cut more than 55,000 jobs, so as to improve their efficiency as new rivals enter what was a monopolistic business. A combination of technological change, government deregulation and the fierce US competitive spirit is slimming the US telecommunications industry greatly. It is leading the world in the introduction of advanced, inter-active, multi-media communications systems.

The upheaval provides a strong piece of circumstantial evidence to support the contention that the US has a significant competitive edge over most other nations in many service industries, telecommunications among them, and that in some sectors the gap may be widening.

Claims of US superiority are open to dispute, since all international comparisons of competitiveness are fraught with statistical pitfalls – nowhere more than in the services sector, where output and productivity are much harder to measure than in manufacturing industries.

Even so, there is plenty of circumstantial evidence, ranging from the increasing threat that US airlines present to European national carriers, to the popularity of McDonald's hamburgers and Walt Disney films around the globe. A report published 18 months ago by the McKinsey Global Institute, an arm of the McKinsey management consultancy, has given statistical backing to the theory.

McKinsey conducted detailed case studies of five industries around the world – airlines, retail banking, restaurants, retailing and telecommunications – and concluded: "The US service industry has been fairly dynamic, and has led the way to improved US productivity overall, compared with Europe and Japan."

Most studies of global competitiveness focus on manufacturing industry, partly because it is much easier to measure its productivity, partly because goods are more internationally traded than services, and partly because highly visible sectors such as cars and computers tend to be regarded, rightly or wrongly, as yardsticks of a nation's industrial health and thrust.

Yet service industries account for more than 60 per cent of US employment and roughly a quarter of US exports. Furthermore, the sector's productivity has an important effect on the competitiveness of manufacturing industry, whose production costs include a significant services element.

Among the McKinsey study's findings are:

- Labour productivity in the US retail banking system, in 1989, was 32 percentage points higher than that of Germany and 36 points higher than that of the UK. This was due partly to greater US deployment of information technology, such as automated teller machines.

> First, the US has a more entrepreneurial spirit than many other nations. Second, it began to deregulate earlier. And now the long-awaited payback on information technology is finally taking place

- The US general merchandise retailing industry had higher productivity than other leading economies, in terms of labour productivity, capital productivity and total factor productivity. In labour productivity, the gap ranged from just 4 per cent in the case of Germany to 50 per cent in the case of Japan.
- The US restaurant industry had productivity levels slightly lower than that of France and somewhat higher than that of Germany, while the airline industry has significantly higher productivity than that of Europe.
- In telecommunications, the US has a higher capital productivity than Japan and the main European countries, though its labour productivity is no better than that of Japan and France. However, the report was compiled before the current upheaval in US telecommunications – and that may be giving the US an edge in labour productivity in a sector which will be particularly important as the world enters an age of multi-media, inter-active communications.

Mr Alex Mandl, head of American Telephone & Telegraph's communications services business, points out: "In the next three to five years, the [US] consumer will have the ability to access, through a computer or TV screen, video services, conference services, entertainment services .... There's no other country moving as quickly in that direction."

What accounts for the apparent US lead in services? The main reason cited by McKinsey is simply that "competitive pressures on companies operating in the US are greater than in other countries."

First, the US has a more entrepreneurial spirit than many other nations. Its businessmen seem unusually willing to take risks and financial markets to back them.

Take MCI Communications, the long-distance communications group which played the key role in breaking AT&T's monopoly of the long-distance phone market. It began in the late 1960s as a tiny upstart serving the St Louis-Chicago market.

Second, the US began to deregulate its service industries earlier than other nations. Airlines were de-regulated in 1978, when new entrants were allowed and carriers were freed to choose the routes to fly and the fares to charge. In 1984, an anti-trust court settlement forced AT&T to spin off its local operations and face full competition in the long-distance market.

Mr John Young, former chief executive of computer group Hewlett Packard, says: "With hindsight, the break-up of AT&T was a huge benefit for this country. The only way you learn to compete is by competing."

Third, the US services sector faces the threat of foreign entrants, attracted by the size and relative openness of the market, while it is increasingly looking overseas for growth as its domestic market matures.

Mr Stephen Roach, an economist at the investment bank Morgan Stanley, cites increasing global competition as a main reason why the US services sector at last seems to be getting a productivity benefit from its investment in information technology, which he estimates to have totalled $862bn (£568m) over the past decade.

"The long-awaited payback in information technology is finally happening," he says. "Back-office consolidation is breaking out with a vengeance in banking, airlines and elsewhere.... Paper-pushing middle managers are getting replaced by machines. Sales workers, empowered by point-of-sale computing, are taking on a lot of additional functions, such as inventory control."

However, the US has no grounds for complacency. Other countries are also stepping up their investments in information technology, while a wave of service industry de-regulation and/or privatisation is under way in continental Europe and Japan.

The opening of those markets will give US industries new fields to conquer. But competition, leading to greater European and Japanese productivity, could narrow the apparent US lead in services.

This is the second article in a series on US competitiveness. The first appeared on February 7. Reporting by Martin Dickson, Tony Jackson and Louise Kehoe

Canadian dollar dives to 8-year low

By Bernard Simon in Toronto

The Canadian dollar dived to its lowest level in eight years yesterday, despite persistent intervention by the Bank of Canada.

The currency was partly a victim of the strength of the Japanese yen and European currencies against the US dollar. But traders said that the weakness was exacerbated by uncertainty over the new Liberal government's economic policies.

The Canadian dollar was trading at 73.78 US cents at mid-session, about two-thirds of a cent below Friday's close.

Mr Paul Martin, the finance minister, will table his first budget on February 22. The budget is expected to include spending cuts and a broadened tax base, but Mr Martin has indicated the deficit is unlikely to fall below C$39bn-C$40bn in the next fiscal year, compared with about C$45bn this year.

Currency markets have also been unnerved by indications that the government is eager to push domestic interest rates down further. With the long decline in US rates now ended, such a move would narrow the traditional spread between US and Canadian rates.

Argentine opposition in turmoil over Menem deal

By John Barham in Buenos Aires

Argentina's largest opposition party is on the verge of splitting over the decision by its leaders to support President Carlos Menem's bid for re-election.

Mr Raúl Alfonsín, the previous president and now leader of the Radical party, negotiated an agreement with Mr Menem last December, in which he pledged Radical support for changing the constitution to allow the president to run for a second term. In exchange, greater opposition participation in government would be in the constitution.

A Radical party conference ordered on Saturday that Radical members of a constituent assembly, to be elected in April to rewrite Argentina's 1843 constitution, must support Mr Menem's re-election.

Mr Alfonsín said yesterday: "The Radicals' position is very clear. We all have to obey the party platform." His lieutenants warned they would enforce the conference's decision, even at the cost of dismissing regional leaders.

Mr Alfonsín decided to negotiate with Mr Menem when it became clear that the Radicals' low standing in opinion polls showed they had more to gain by bargaining with the government than by outright opposition. But the dissidents, led by Senator Fernando de la Rua, Radical leader in Buenos Aires city, denounce the agreement as a sell-out.

The Radicals will hold primary elections next Sunday to select candidates for the April election. This will indicate the depth of support for the rival factions. So far, Mr Alfonsín's mastery of internal Radical politics has guaranteed him the overwhelming support of the party machine.

However, his deal with Mr Menem deepened the Radicals' already severe identity crisis. The hyperinflation and collapsing public order that marked the end of Mr Alfonsín's presidency in 1989 discredited the party. Their inability to provide a credible alternative to Mr Menem's market-oriented policies made the problems worse.

Opinion polls indicate that, in April, the Radicals will be lucky to maintain their poor showing of the mid-term congressional elections last October. Mr Rosendo Fraga, a political analyst, puts the Radicals' support at no more than 25-27 per cent, while Mr Menem's Peronists continue to gain ground.



IT'S AN ILL BLAST ... : The fuel explosion in Haiti at the weekend knocked a hole in a nearby wall. Children were soon taking advantage of the gap to eat fragments of cooked eggs Picture: AP

Peru leaves banks in the dark over law on debt-swap interest

By Sally Bowen in Lima

Peru has published detailed regulations governing the use of its secondary debt in forthcoming privatisations. They specify that eligible debt instruments will be accepted at face value, but do not cover how accumulated interest and arrears are to be treated.

Although Peru's economy ministry considers the debt-swap law is crystal clear, some bankers confessed to being confused and preoccupied over the treatment of interest. A Citibank official in Lima said he "could not believe the Peruvian government proposes simply to ignore the question of interest," especially after it "has taken its debt negotiations so seriously thus far".

The economy ministry calculates that around $10.2bn of Peru's $23bn foreign debt will be eligible for use in the privatisations. This includes some $1.7bn of Peru's total debt with the Paris Club and $5.6bn in medium- and long-term commercial debt.

Copri, the government's privatisation office, will determine in conjunction with the foreign debt committee the minimum amount of debt and cash to be expected in each sale – but at least 10 per cent of the base price must be cash.

The price of Peruvian commercial bank debt has soared on the secondary market in the past 2½ years.

Fuel blast lifts Haiti prices

The price of black market petrol shot up in fuel-starved Haiti after a weekend explosion and fire destroyed a big depot for fuel smuggled into Haiti in defiance of a UN embargo, AP reports from Port-au-Prince.

Fuel prices jumped from about 110 gourdes (about $8.50 or £5.80) a gallon to 135 gourdes since the blaze on Saturday night, according to checks at several sales outlets yesterday.

Tens of thousands of gallons of fuel – increasingly precious in Haiti since the imposition of the UN embargo in October – were destroyed in the blaze that gutted a half-block of Rue de Césars in downtown Port-au-Prince.

Authorities reported no casualties, and all sides blamed carelessness rather than arson.

The area near the Roman Catholic cathedral had been transformed into a dangerous stockpile of petrol, kerosene, diesel and other fuels. Most were kept in plastic jugs and drums, and vendors often smoked while working, even alongside trucks full of fuel parked on both sides of the avenue.

Two fuel trucks blew up in the explosion, and at least 12 two-story buildings were destroyed in the fire.

The army has stockpiled petrol in underground depots around the capital, but the fuel at the burned warehouses was the main source of sales to civilians. With legal importers observing the embargo, Haitians have been storing fuel in makeshift stockpiles throughout the capital.

The fuel embargo was imposed to punish the army for blocking the return of elected President Jean-Bertrand Aristide, ousted and exiled in a 1991 coup.

With Haiti's poor – Father Aristide's main supporters – already suffering the most by the embargo, an increase in fuel prices will make things worse for them.

Mexican hostage 'to be freed'

The Mexican government's peace envoy said yesterday that armed rebels in the southern state of Chiapas would release a former governor of the state, who has been held hostage almost since the 45-day-old uprising began, Reuter reports from San Cristóbal de las Casas.

Mr Manuel Camacho Solís said that the Zapatista National Liberation Army had agreed to hand over Mr Absalón Castellanos Domínguez tomorrow, in a move that appeared to bring the government and rebels closer to long-awaited peace talks.

Mr Castellanos was seized by the rebels on the second day of their new year uprising, in which they captured several Chiapas towns.

The former governor and general in the Mexican army has been held by the rebels in one of their hideouts in the vast Lancondón jungle.

The Zapatistas said in a recent communiqué that he had been tried and convicted of repressing indigenous people and given a life sentence of manual labour.

The release appeared linked to an announcement by Mr Camacho on Sunday that the rebels were making the long trek from the jungle to attend peace talks.

He gave no indication yesterday when the long-delayed negotiations would begin, but Bishop Samuel Ruiz of San Cristóbal told reporters that the time and date of talks were likely to be learned tomorrow.

South African status boosted by Gatt talks

By Matthew Curtin in Johannesburg

Mr Peter Sutherland, director general of the General Agreement on Tariffs and Trade, had talks yesterday with senior officials of the South African government and the African National Congress.

This follows South Africa's participation in the final stages of the Uruguay Round of Gatt negotiations, ending decades of passive involvement resulting from international isolation and trade sanctions.

Mr Sutherland held meetings with Mr Derek Keys, the minister of trade and industry, and Mr Trevor Manuel, the head of the ANC's economics department.

Today he will meet President F W de Klerk and representatives of the National Economic Forum, the tripartite body made up of business, labour and the government.

South African officials have said the talks are part of private four-day visit to the country by Mr Sutherland.

In the Uruguay Round sessions, South African negotiators secured what has been billed as a tough but fair trade reform deal package.

The deal was reached only after protracted negotiations with South Africa's main trading partners in the final days of the Round's negotiations in December.

The high levels of protection wanted for the clothing, textiles and motor industries proved sticking points, as South Africa was forced to revise its original offer under pressure from the US and Europe.

A 45 per cent tariff on textiles – an industry badly hit in recent years by low-priced imports from the Far East – is preserved, but the tariff on clothing has been trimmed to 45 per cent compared with the 60 per cent first offered and existing protection of 100 per cent.

The tariff protection for the car manufacturing industry is reduced to 50 per cent from 100 per cent.

Overall, the country's Gatt deal will see tariffs – which for manufactured goods stood at 27 per cent or six times the Gatt average in 1990 – simplified and lowered by a third on average in a phased reduction programme starting in July next year.

The government is waiting for final acceptance of its revised proposals and has until April to accept the conditions of the Uruguay Round.

EU puts duties on Japan

The European Union said yesterday it had extended the duration of temporary anti-dumping duties of 49.9 to 97 per cent on imports of Japanese television cameras, AP reports from Brussels.

The customs duties would take effect on Saturday and last for two months.

The prolongation of levies – to allow the EU Commission to complete its investigation of the Japanese imports – was announced in the EU's official journal.

The EU defines dumping as selling goods abroad for prices lower than production cost or prices charged in domestic markets.

Canada air deal

Air Canada has signed a contract to buy six long-range Airbus 340-300s, with deliveries in 1996-97, and has taken options on three more for 1998-99 delivery, reports Robert Gibbens in Montreal.

The aircraft will take the place of Boeing 747s on some Atlantic and Pacific medium-density routes. The value of the order exceeds US$1bn (£682m). Air Canada will be the first North American airline to fly the A340.

US weighs use of sanctions bludgeon

Motorola may become instrument in trade action against Japan, writes Nancy Dunne

Japan is now so strong and wealthy that its massive trade surplus is "simply no longer acceptable," President Bill Clinton said yesterday.

After the failure of the US-Japan summit to agree on a plan to reduce the surplus, Mr Clinton said he was reviewing all options and ruling out nothing.

Ms Laura D'Andrea Tyson, chairman of the Council of Economic Advisers, said US officials had embarked on "a series of meetings and a series of actions." But she said there had been no action as yet. "We should not be talking about trade war now."

In fact there may be no sanctions for months. Sanctions announcements are likely, and, if the administration's pressure is successful, negotiations may follow. However, the administration is united on one point: any pacts must be watertight to produce results.

The administration's credibility is at stake – in Congress, with the US public and with China, which is being told that the US needs progress on human rights by June if China's Most Favoured Nation trade status is to be renewed.

Officials yesterday acknowledged that the president was considering an executive order that would resurrect the now expired Super 301 provision of the trade law. This would provide a domestically legal basis for a broad range of trade complaints, followed by investigations, negotiations, and deadlines for sanctions.



Making a list: Mickey Kantor is seeking data Picture: Ashley Ashwood

Meanwhile, Mr Mickey Kantor, the US trade representative, has asked the US Customs Service for data to be used in developing a sanctions list. It is thought this could speed the retaliatory process if senior administration officials decide a quick response to the summit failure is necessary.

The first candidate for retaliation could emerge today over a complaint by Motorola that Japan has not complied with a cellular telephone agreement to open its market. In 1992 US exports of telecommunication equipment to Japan accounted for about 4 per cent of the market and were actually dropping – from $689m in 1991 to about $555m.

A review of the cellular telephone pact was launched early this year, with today set as the deadline by Mr Kantor. He could launch retaliation proceedings, which generally begin with a request for industry comment, followed by a sanctions announcement, then by the sanctions themselves. The process could take days, weeks or months, but usually some time elapses to allow the trade representative to choose sanctions that are least likely to rebound against US companies or the US economy.

Another candidate for sanctions is the semiconductor deal, which was supposed to help foreign manufacturers get at least 20 per cent of the Japanese market. The target was hit in the fourth quarter last year and sales, slowed by the Japanese recession, have been sinking ever since.

Last year the Clinton administration followed its predecessors in setting aside numerous trade complaints for the sake of getting the Uruguay Round completed. At the same time, access to Japan's public works market was agreed and its rice market was pried open.

However, a broad menu of options for sanctions remains: candidates can be gleaned from the most recent of the National Trade Estimates reports, issued yearly by the US trade representative. The most recent NTE devotes 27 pages to Japan – more than any other country and 10 more than the EC – and buried on those pages is vast scope for trouble between the economic superpowers.

Japan's government procurement practices have long been a target of US complaint. Sanctions in that area – in response to government discrimination against US computers and supercomputers – would be likely to hit Japanese companies that bid for US contracts.

Another pact the US could find actionable is the US-Japan Wood Products Agreement signed in 1990. The NTE noted "significant strides" made towards reducing market access barriers, but concluded that "satisfactory market access ultimately hinges on the implementation of agreed-upon tariff reductions in the Uruguay Round."

Zero for zero tariff cuts were not agreed, and the failure convinced US officials the Hosokawa government was less than serious about its deregulation efforts. "That alone would have brought down housing costs by 5% per cent... but they absolutely refused to do it," said one senior US official.

Japan's insurance market – one of four sectors in the failed talks – is another nominee for sanctions. Japan has decided to begin insurance deregulation in the areas of nursing home care, medical insurance, and personal and travel accident – the only sectors where foreign companies have access.

BAe Malaysian delivery soon

By Kieran Cooke in Kuala Lumpur

Malaysia will take delivery before the end of the month of the first of 28 British Aerospace Hawk trainer and fighter aircraft ordered under a controversial memorandum of understanding between Malaysia and the UK.

The Hawk order forms part of a £1bn ($1.46bn) defence agreement signed by Mrs Margaret Thatcher, then British prime minister, and Dr Mahathir Mohamad, Malaysian prime minister, in 1988.

The Malaysian national news agency, quoting Royal Malaysian Air Force officials, said that all 28 Hawks are to be delivered to Malaysia by February next year.

British opposition politicians have alleged that the sale of the Hawks and other British defence equipment was linked to £234m of British aid for a dam project in Malaysia. Such a linkage would contravene British government guidelines on aid.

Malaysia is undertaking a multi-million dollar programme to modernise its armed forces. It will be the first country in south-east Asia with the Hawk, though Indonesia has made a provisional order.

Under the terms of the Malaysian purchase, about M$400 (£98m) of the cost of the Hawks will be offset by the manufacture of various defence equipment in Malaysia.

British Aerospace will also provide substantial training and technology transfer so as to make Malaysia self-sufficient in maintenance of the Hawks.

Russia and China expected to lift sales of spirits

By Neil Buckley

Emerging markets such as Russia, China and South America could double world spirits sales within a few years, although sales of the top 100 international spirits brands were flat last year, according to Impact International*, the industry monitor.

Total sales of the top 100 global brands were 268.7m nine-litre cases in 1993, with total world spirits sales at 530m cases, Impact says.

UK-based International Distillers & Vintners (Grand Metropolitan) remained the world's biggest spirits company, with sales of 43.2m cases, a 3.2 per cent increase on 1992. United Distillers (Guinness), the second largest, saw sales decline 1.1 per cent to 29.6m cases, but its higher-margin products performed well in the price-conscious UK, as well as in Japan and the US.

Biggest loser among the top 10 companies was Japanese-owned Suntory, with sales down 9.1 per cent, due to depressed demand in Japan and the US.

Scotch whisky remained the world's best selling spirit, with four brands (Grant's, Teacher's, Famous Grouse and Passport) among the 15 fastest growing worldwide. Johnny Walker Red Label remained the world's biggest selling Scotch, with 6.8m cases.

The fastest growing spirits brand in the top 100 was Russia's Stolichnaya vodka, with a 20 per cent sales increase last year, much of it in the US. However, that was not enough to prevent temporary closure of Stolichnaya's distillery in Moscow last week. In addition to Stolichnaya, the Kristall plant produces a number of domestic Russian brands hit hard by increasing competition from western imports.

IDV's Smirnoff sold an extra 600,000 cases in Russia last year, helping it to a 4.2 per cent increase in sales worldwide.

Impact said the performance of western brands in Russia and two other emerging markets, China and South America, suggested spirits were poised for explosive growth.

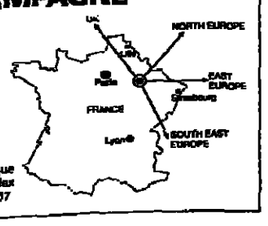
China showed strong sales of Cognac, with volume approaching 500,000 cases. Rémy Martin, which has about half the Chinese Cognac market, increased global sales by 2.7 per cent thanks largely to performance in China. Scotch whisky is also catching on in China, with United Distillers selling more than 100,000 cases.

In South America, sales in Brazil were especially strong, with brands such as Dreher brandy, São João de Barra brandy and Presidente brandy all showing strong increases.

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Speculation grows of imminent cabinet reshuffle

Japan coalition allies consider party merger

By William Dawkins in Tokyo



Ozawa: wants new alignment

Two leading members of Japan's seven-party coalition yesterday proposed the formation of a new centre-right party, amid press speculation of an imminent cabinet reshuffle.

The calls, from Mr Ichiro Ozawa, joint leader of the Japan Renewal party, and Mr Yuichi Ichikawa, secretary-general of the Clean Government party, could be the first stage in another realignment of political parties in preparation for a general election sometime this year.

Opinion polls show the coalition could only beat the opposition Liberal Democratic party under Japan's new electoral system if it fielded single joint candidates, unlikely in its increasingly fragmented state.

Mr Ozawa, the coalition's backroom strategist, said Prime Minister Morihiro Hosokawa should lead the new party, which would support free competition, a pacifist constitution and the United Nations as the guarantor of world security.

Mr Hosokawa did not deny press reports he was planning cabinet changes in an effort to bolster his authority after the recent upheavals over political and tax reform. "I won't think of it until the government finishes the draft budget," he said. The cabinet is due to approve the budget today for parliamentary adoption in the spring.

Mr Ozawa, architect of the present cabinet, said the prime minister "has all the authority" for a reshuffle. But the possibility was denied by Mr Masayoshi Takemura, the chief cabinet secretary, a former close ally of Mr Hosokawa, head of the small New Harbinger party and potential victim in a reshuffle.

Considerable tension exists between Mr Takemura and Mr Ozawa, based on differences over foreign policy and relations with the LDP, their own former party.

Mr Ozawa wants Japan to be an influential member of the world community with clear foreign policies, and wishes to split the LDP, the symbol of the old political order. Mr Takemura is inclined to a more modest world role for Japan and co-operation between the government and the LDP. The prime minister has tried, with diminishing success, to strike a balance between his two main allies.

Mr Ozawa said a realignment of political parties would "progress at considerable speed", once the revised versions of the government's political and electoral reform bills had passed parliament, possibly by the end of this month.

He and his close ally, Mr Ichikawa of the Clean Government party, believe the new party would include most members of the ruling coalition, plus defectors from the LDP and minus the Socialist party's left wing. "I don't think the present coalition members will all make the new team," said Mr Ichikawa.

Miti issues apology over pro-government memo

By Michiyo Nakamoto in Tokyo

Japan's Ministry of International Trade and Industry yesterday apologised for sending out memos which suggested Japanese business organisations should comment favourably on the government's recent economic stimulus package.

Mr Hideaki Kumano, Miti vice-minister, apologised for what he said was a "misunderstanding" caused by a ministry document which urged support for the government's proposals. The document was sent to leading business organisations, including the Federation of Economic Organisations and the Japan Chamber of Commerce and Industry.

The suggestions were sent by the ministry last week to the private business organisations, which represent many of the industries Miti has shaped through "administrative guidance". The document recommended the organisations evaluate the government's economic package "highly" and express support for the proposed tax reforms.

Mr Kumano admitted the wording of parts of the document was "inappropriate".

The unprecedented move by Miti was widely seen as an attempt by the ministry to influence the comments of the influential organisations and was sharply criticised after it was revealed in a Tokyo daily newspaper.

The ministry's attempt to elicit favourable comments from business comes amid a trend towards reducing bureaucratic influence over industry and deregulating the country's markets. Deregulation is one of the stated goals of Prime Minister Morihiro Hosokawa's government.

The incident also coincides with the ministry's successful deflection of US pressure to use government influence over industry to boost foreign imports into Japanese markets. The trade ministry, notorious for its large number of industry regulations, succeeded in countering US proposals that Japan set numerical indicators to measure progress in opening the country's markets to foreign cars and car parts, on the grounds that such a move would constitute undue bureaucratic meddling in private business. Miti denied it intended to influence business organisations and explained the document was meant primarily for internal use.

However, the document was sent on Miti's initiative and not at the request of the business organisations involved. "We read the newspapers so we knew more or less what would be in the economic package," a representative of the Japan Chamber of Commerce and Industry said. "We felt that was the way Miti wanted us to evaluate the package."

Zulu kingdom plans to secede

By Patti Waldmeir in Johannesburg



King Goodwill Zwelithini: likely to take his political lead from his uncle, Chief Buthelezi AP

Zulu King Goodwill Zwelithini is preparing to set up an independent Zulu kingdom in Natal Province in defiance of the African National Congress and the South African government, he said yesterday.

This move, tantamount to secession, will increase tensions following weekend news that the Zulu-based Inkatha Freedom party, headed by King Goodwill's uncle Chief Mangosuthu Buthelezi, will resist April's all-race elections and reject South Africa's new constitution.

King Goodwill presented a memorandum to President F W de Klerk at a meeting in Durban, rejecting the constitution and saying he would soon promulgate one for a Zulu kingdom in Natal "which will establish a monarchy modelled after the best examples of democratic and pluralistic monarchies in the world".

The kingdom is understood to include all of Natal and parts of some other provinces.

Zulus retained their "inalienable right to self-determination," he said, adding that if they were unable to co-exist with other societies in the new South Africa, the Zulu nation would exist "on its own with its own territorial basis and with its own government".

President de Klerk has met the Zulu king several times in recent weeks in an attempt to persuade him to endorse the elections against the wishes of Chief Buthelezi. It seems likely the king will take his political lead from Chief Buthelezi, as he has done throughout his reign, and reject the election.

At the weekend, Chief Buthelezi called for Zulu resistance to elections. "We Zulus must stand with our Tswana and Afrikaner brothers and fight for freedom, justice and democracy. We must stand together and fight the evil lurking in the midst. If we do not then we will fail."

S African business community 'will have to rise to challenges'

Mandela warns of need for change

By Patti Waldmeir

Mr Nelson Mandela, leader of the African National Congress and the man likely to be South Africa's next president, said yesterday he did not believe South African businessmen could be trusted to develop a post-apartheid economy without state intervention.

In a tough speech to the International Press Institute, meeting in Cape Town, Mr Mandela criticised the South African media for being white-dominated, and implied this would have to change under an ANC government.

The senior editorial personnel of South African newspapers "are white, they are male, they are from a middle-class background ... the principal players in the media have no knowledge of the life experience of the (black) majority," he said.

The economy as a whole remained minority-dominated, and this had to change. "We are convinced that left to their own devices, the South African business community will not rise to the challenges facing us," Mr Mandela told more than 400 international editors and publishers.

"The objective of our policies is to create employment as our highest priority. While the democratic state will maintain and develop the market, we envisage occasions when it will be necessary for it to intervene where growth and development require such intervention." One example would be affirmative action programmes to promote blacks and women.

The ANC recently published a detailed economic programme calling for selected state intervention in the economy, coupled with private investment. ANC policy has always fudged the issue of how much state intervention would be required to achieve the ANC's development goals. No clarity on this issue is likely before April's all-race elections.

Gatt talks, Page 5

Foreign investment pours into Kazakhstan

By Steve LoVine, recently in Alma-Ata

President Nursultan Nazarbayev of Kazakhstan arrived in the US yesterday on his second official trip to Washington in two years, agencies report. During talks with US President Bill Clinton, Mr Nazarbayev is expected to press for a greater share of western assistance to the Commonwealth of Independent States.

The Kazakh president will also review political and economic ties with Russia and the fear of ethnic clashes between Russians and Kazakhs who each make up about 40 per cent of Kazakhstan's population.

President Nazarbayev, 54, a former metallurgical engineer who become republican party chief in 1989 and president in 1991. He has put economic development before political liberalism and promoted economic reform. Mr John Reed, chairman of Citicorp, the biggest US bank, was the most recent financier to visit Kazakhstan last week. Chase Manhattan is already there and Deutsche Bank may be next.

President Nazarbayev still cracks down on dissent, controls the press and the moderate opposition and he has also tried to protect Russian interests.

Multinationals are flocking to Kazakhstan which is approving some of the richest energy and privatisation deals in the former Soviet bloc.

Two years after the Soviet breakup, Kazakhstan is second only to Russia among the 15 ex-USSR republics in attracting foreign investment. Mercedes-Benz, Fiat, and Daewoo have all established sales offices in the the country which is committed to a gradual move to a market economy and mass privatisation.

Philip-Morris is investing $300m (£205m) for a 88 per cent share of an Alma-Ata cigarette factory and some tobacco farms. Almost every big and many smaller western oil companies are vying to exploit the republic's reserves, which some analysts estimate at 35bn recoverable barrels. Kazakhstan is the second biggest former Soviet oil producer after Russia, with an annual output of about 22m tonnes.

It produces around 12 tonnes of gold a year and contains much of the former Soviet Union's silver, lead, zinc, copper and other mineral resources. The republic's industry is based mainly on metallurgy, heavy machinery, agro-processing, petrochemicals and textiles.

The International Monetary Fund has lent its endorsement to the republic, granting $1.3bn to support the local currency, the tenge. Western donors have pledged official cash worth $1bn to Kazakhstan this year to help its transition to a market economy.

The Philip-Morris deal and a couple of high-profile oil agreements have helped Kazakhstan partly to satisfy Western investors that, unlike many of its former Soviet counterparts, it is a serious partner.

The government has tenders out for two large state margarine factories and a sweet-making plant. The privatisation tenders, scheduled to close in March, have attracted a lot of foreign interest, according to Ms Susan Bruno, a local representative of the consultants KPMG Peat Marwick.

This is at least partly because successful buyers can expect to own the plants almost outright, instead of the usual 49 per cent limit in many republics. Later this year, the government also plans to privatise 38 big state enterprises, but through local ownership.

There are, however, considerable difficulties; Kazakhstan has a daunting combination of Asian-style personal business, Soviet bureaucracy and rampant corruption and crime.

"This is not an easy country to do business in. The costs are very high," says Mr Ben Miller, managing partner for the Ernst & Young office in the capital, Alma-Ata. "They are educated people. If you think you're going to come in, take advantage of the locals and go home with a pot of money, it isn't going to happen."

Israel and PLO begin talks round

By Our Foreign Staff

Israel and the Palestine Liberation Organisation yesterday began a new round of talks to resolve remaining security differences which are holding up final agreement on limited Palestinian self-rule.

A partial agreement signed in Cairo last Wednesday by Israeli Foreign Minister Shimon Peres and Mr Yassir Arafat, the PLO chairman, helped to lift the mood of talks being held in the resort of Taba.

However, negotiators expect slow and arduous progress towards filling in the holes left in the Cairo security accords: the transfer of civilian administration from Israeli military to Palestinian hands and the role and operational limits of a Palestinian police force. The Cairo accord gave Israel overall control of border posts and an effective veto over who enters Gaza and the Jericho area in the occupied West Bank, but there remain outstanding difficulties concerning border crossings, the security zoning arrangements for the Gaza Strip and policing.

Mr Nabil Shaath, the PLO negotiator, said security matters to be discussed in Taba also included control of sea and air space. "I hope we will be able to do it as quickly as possible," he said.

The Taba talks will be followed later this month by discussions in Paris on economic arrangements and tourism, the establishment of a Palestinian central bank and currency.



Banda: poor health is cause for concern Tony Andrews

Banda nomination threatens reforms

Nick Young on likely fallout from the candidacy of Malawi's ailing president

Registration of voters for Malawi's first multi-party elections due on May 17 will start on February 21, Reuter reports from Blantyre. The electoral commission said seven political parties, including the ruling Malawi Congress party, had registered to contest 177 parliamentary seats and elect an executive president for a five-year term. The votes are due to take place 11 months after Malawi's 9.7m people voted by an overwhelming majority in a referendum to end one-party rule.

Progress towards democratic government in Malawi may be threatened by a deterioration in relations between government and opposition after a decision at the weekend by the ruling party to retain President Hastings Banda as its presidential candidate for the May elections.

Western diplomats believe that President Banda, who underwent brain surgery late last year and was temporarily replaced by a Malawi Congress party triumvirate, has been ill again. Mr Hetherwick Ntaba, external affairs minister, said the president had suffered a bout of malaria and was "in poor shape" when he received British overseas development minister Baroness Lynda Chalker a fortnight ago.

Local newspapers claim the president, who has made no public statement or appearance this year, is being attended by specialists who want to transfer him to South Africa, but that he is too ill to be moved.

President Banda was on Sunday formally adopted as the presidential candidate of the Congress party, with Mr Gwanda Chakuamba, home affairs minister, as running mate. It seems Mr Chakuamba, who served 13 years in jail for allegedly plotting to overthrow Banda, is the party's real choice for the future, but that the party cannot bring itself to relinquish President Banda as a figurehead while he remains alive.

This has earned the ridicule of opposition politicians, some of whom are calling for Mr Chakuamba's resignation on the grounds that he has failed to halt a creeping tide of domestic violence. Several schools in the capital Lilongwe have been attacked by armed gangs who have beaten teachers and abducted students.

There is evidence that those responsible are Malawi Young Pioneers who were forcibly disarmed by the regular army last year but have not yet been formally disbanded. The gangs are thought to be targetting teachers because of their role in the registration of voters for a referendum last year on political pluralism.

In separate incidents, at least three deaths have been reported in the last fortnight as a result of political brawls. In one case a university lecturer was stabbed to death by a regular soldier, prompting a protest march by students to the local barracks.

Further industrial unrest is also feared as the inflationary impact of the floating last week of the local currency begins to be felt. The kwacha is depreciating rapidly and retail prices for some food products have already risen by 25 per cent, with an oil price rise expected soon.

Meanwhile, government and opposition have not yet agreed a formula for replacing President Banda if he dies before the election. The all-party National Consultative Council meets this week to discuss the issue which threatens again to put other negotiations on the back burner.

A further area of likely conflict is the country's new constitution, to be discussed this week at an all-party conference partly funded by the British government.

An NCC committee is preparing a draft document with UN technical support. For elections to go ahead on May 17 a final version will have to be adopted quickly and without substantial revision.

However Mr Lovemore Munlo, justice minister and the government's representative on the committee, has missed seven out of nine sessions, and Congress party officials have said they are drafting their own document to present to the conference.

Gunmen attack bus in S Egypt

The Moslem group el-Gama'a el-Islamiya claimed responsibility for a gun attack on a bus carrying Romanian engineers in Assiut, southern Egypt, yesterday, Reuter reports from Cairo.

"The attack resulted in the smashing of the bus and the injury of several," the group said. But security officials said no one had been hurt. The attack, by two gunmen, was part of Gama'a's warning to investors and tourists to leave Egypt, the group's statement added.

Kuwait 'paid over market price'

Kuwait paid twice the market price for the US Santa Fe drilling company in 1981, the emirate's state Audit Bureau has told the parliament, Reuter reports from Kuwait. The bureau described Kuwait Petroleum Corp's (KPC) largest foreign acquisition as "hasty and controversial", according to newspaper reports.

The report on the US investments of the state-owned KPC said Santa Fe had made losses of $2.89bn (£1.9bn) between 1981 and 1990. It noted this exceeded the $2.5bn KPC had paid for the company.

Manila 'could lose investors'

The Philippines could lose foreign investors to Vietnam if it does not improve the investment climate by liberalising the economy, US business executives said yesterday, AP reports from Manila.

Mr Robert Sears, executive director of the local American Chamber of Commerce, said part of the Philippine constitution which bans foreign land ownership and limits foreign equity in mining companies to 40 per cent would have to be amended.

Lebanon plan for part-privatisation

The Lebanese government yesterday agreed partially to privatise the oil, transport and electricity industries, Reuter reports from Beirut. It is to ask parliament to approve a draft law allowing it to form joint companies with public and private capital to run some of Lebanon's utilities.

The government said it wanted private enterprise to share in running the country's two oil refineries, its electrical power generators, public transport and railway services.

Patten in plea for human rights

Hong Kong's Governor Chris Patten yesterday made an impassioned plea for human rights to remain the major issue as Asian countries meet the "political challenges of economic success," AP reports from Sydney. He found the argument that human rights were relative and some could be suspended and make way for others unacceptable.

"Are some Asian leaders really prepared to argue that respect for human dignity is an exclusively European or North American or Australian concept?" he asked. "I don't believe for a moment that human rights stop at the borders of Asia; nor, do I believe, do most Asians."

Afghan factions agree to truce

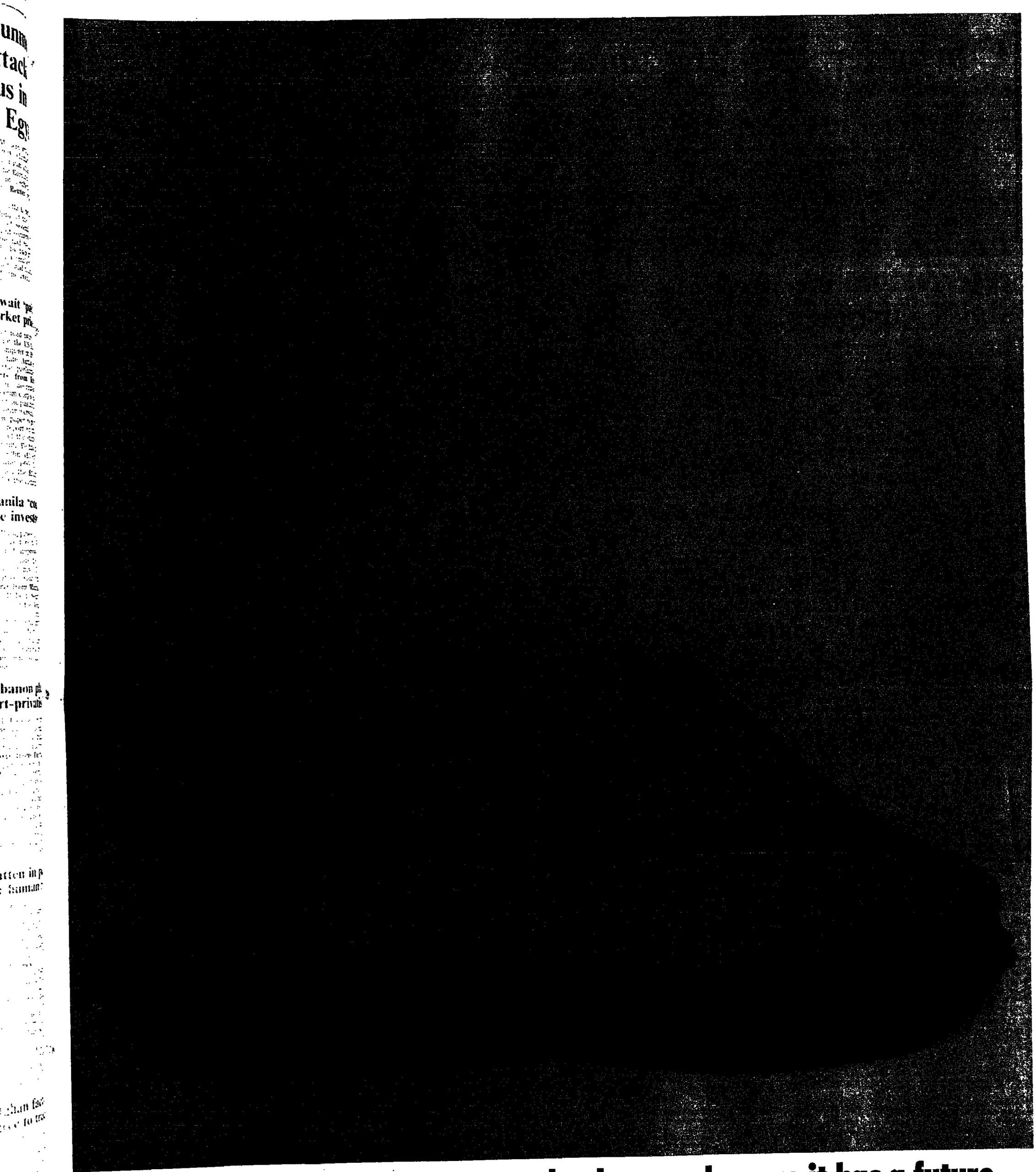
Warring factions in Afghanistan yesterday agreed to a four-day truce beginning today, an Afghan minister mediating between the two sides said, Reuter reports from Peshawar.

Forces loyal to President Burhanuddin Rabbani and his opponents led by Prime Minister Gulbuddin Hekmatyar and Gen Abdul Rashid Dostum have agreed the ceasefire to allow food supplies to arrive in Kabul and the wounded to leave the capital, Justice Minister Jalaluddin Haqqani said.

UN appeals for Sudan cash

The UN yesterday appealed for urgent cash for Sudan where heavy weekend fighting between rebels and government forces in the south means greater distress for more than 100,000 displaced people, Reuter reports from Nairobi.

"After a weekend of further military conflict, two UN agencies today urge the international community to provide funds immediately to assist war- and drought-affected people in Sudan," an official said.



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Consumer spending 'may be weakening'

By Philip Coggan, Graham Bowley and Neil Buckley

UK consumer spending may already be weakening, even though pay packets have yet to feel the effects of April's tax increases, according to the Confederation of British Industry's distributive trades survey, published today.

It survey shows that UK retail sales in January were below expectations. The balance of CBI respondents reporting an increase in sales, at plus 15 per cent, was lower than at any time since January 1993.

The same balance reported that sales were lower than expected for the time of year.

The evidence of weakening consumer demand was accompanied by official figures showing that manufacturers have been unable to raise prices substantially in the past year.

The CBI figures "highlight the patchy nature of recovery from month to month", said Mr Nigel Whittaker, chairman of the CBI's distributive trades panel.

December's report was far more upbeat, with a balance of 34 per cent of stores reporting a sales increase.

That survey, though, was quickly followed by disappointing official figures for December retail sales. The Central Statistical Office is to publish details of January's retail sales tomorrow.

According to the survey, large stores are enjoying sales growth while small groups are suffering a decline.

Mr Hugh Clark, trading policy director of the British Retail Consortium, said reports from members suggested that trading in January had been strong. He added that January sales tended to favour larger stores.

However, the British Shops and Stores Association, which represents 3,000 companies and 15,000 retail outlets, said it believed that sales had started strongly in January, but fallen off towards the end of the month.

Mr Allan Sayers, chief executive, said he thought publicity about the tax increases had dampened confidence.

The main bright spot in the CBI survey is the motor trade, which experienced the largest monthly rise since August 1988, with a balance of 50 per cent of traders reporting a sales increase.

Meanwhile, figures for January producer prices appear to show that inflation is under control. The prices of UK manufactured goods at the factory gate rose by 0.3 per cent between December and January, for an annual increase of 3.7 per cent, down from 4 per cent in December.

If food, beverages, tobacco and petroleum prices are excluded, then "underlying" inflation rose by just 2.6 per cent over the year. Manufacturers' costs actually fell by 2.5 per cent in the year to January.

Britain in brief



Mayhew in new move on Ulster peace

Sir Patrick Mayhew, Northern Ireland secretary, yesterday employed further delicate diplomacy to maintain British government efforts aimed at encouraging all sides to embrace the peace process in Northern Ireland.

In an article published in yesterday's Irish Times, Sir Patrick used new and more straightforward language to address some of the concerns arising from the Downing Street Declaration and to offer a more detailed vision of what could lie beyond a permanent end to violence.

Sir Patrick forcefully reiterated the government's insistence that the IRA must end hostilities and that Sinn Féin must renounce the justification of violence and commit itself exclusively to the democratic process. But he also attempted to edge forward on some areas repeatedly cited by republicans as being in need of clarification.

His remarks were welcomed by Mr Albert Reynolds, the Irish prime minister, who said they should be helpful in the continuing search for peace. Mr Reynolds said Sir Patrick's words were important "not just in what he is saying but in the way he is saying it".

Society makes £2m provision

National & Provincial building society, the UK's eighth largest, has made provisions of about £2m to meet its potential liabilities in respect of the 850 personal pensions it sold to people transferring out of employers' schemes.

If that level of provisioning were reflected across the financial service sector, then the total set aside in respect of the estimated 500,000 pension transfers sold since 1988 would be just over £1bn.

The figure, from N&P's results for 1993 announced yesterday, comes within the £4.8m provisions made for the first time to cover potential liabilities in its regulated financial services activities.

Music sales show growth

Sales of recorded music in the UK grew 13.5 per cent last year to £785.7m, ending a period of contraction, the British Phonographic Industry said yesterday.

The strong growth came after a disappointing 1992, when sales dropped 2.4 per cent to £692.5m – the first fall since 1980.

The BPI, which represents UK music companies, said compact disc sales rose 31.7 per cent last year to 92.2m – the highest number of albums ever sold in any format. This beats the 1975 record of 91.6m vinyl albums, set in 1975.

The number of vinyl LPs sold last year fell 25.6 per cent to only 5m. This compares with 24.7m sold in 1990. The number of cassettes sold last year fell 1.3 per cent to 55.7m.

Passenger numbers rise

The number of passengers using major airports increased by 5.4 per cent last month compared with January 1993, it was announced yesterday.

Operator BAA said its seven airports handled 5.6m passengers. Southampton airport had a 21 per cent increase, Stansted 20 per cent, Heathrow 7 per cent and Gatwick remained at the same level.

Domestic and European service passenger figures rose 6 per cent and long-haul numbers were up 12 per cent. But the north Atlantic was only up 0.3 per cent and charter traffic was down by 1.4 per cent.

Pressure over MI5 scrutiny

Labour is to step up its pressure for the new committee to oversee the work of the British intelligence services to answer to parliament rather than the prime minister.

Unlike other parliamentary committees, the six senior politicians who will form the new body are to report initially to the prime minister.

Labour MPs will attempt to strengthen the committee's parliamentary links when the intelligence services bill reaches the Commons.

It provides for the committee to examine the expenditure, administration and policy of three top secret bodies, MI5, MI6, the home and overseas intelligence services, and the government's communications centre at Cheltenham.

Study highlights drug spending

Britain's National Health Service could improve the efficiency of its treatment of heart failure by almost 20 per cent – the equivalent of £50m – if it prescribed more drugs instead of hospitalising patients, say studies published yesterday.

The research was partly funded by Merck, the world's biggest drugs company, but the papers were independently reviewed before publication.

In the studies, two economists and a cardiologist say that treating heart failure costs the NHS £360m a year. Most of that arises from hospital admissions, which could be reduced if a new class of drugs, the ACE inhibitors, were prescribed more widely.

Merck is a large supplier of ACE inhibitors. Other companies which are big suppliers of ACE inhibitors are Bristol Myers Squibb of the US and the UK's Zeneca.

The report says almost 30,000 hospitalisations could be eliminated at a nominal saving of £51.2m.

Lamont backs referendum on single currency

By Philip Coggan, Economics Correspondent

Mr Norman Lamont, the former chancellor of the exchequer, yesterday said a national referendum should be held before any future UK government adopted a single European currency.

Speaking at a Dow Jones conference in London on the foreign exchange markets, Mr Lamont said that "the last time Britain held a referendum on Europe, the people were specifically told that monetary union was not envisaged. Since the circumstances have changed, there would appear to be a case for revisiting this matter in a national referendum".

Mr Lamont said while he had not agreed with the idea of a referendum on the Maastricht treaty itself, "the issue of a single currency is a clear-cut one and one which raises profound political as well as economic issues. It strikes at the heart of sovereignty".

Mr Lamont said the "supposed economic benefits" of monetary union "are slender against the potential dangers. A single European monetary policy would make structural adjustment more difficult and worsen unemployment".

Mr Lamont added that "the real danger about monetary union is not that it will happen. Rather it is that another attempt, doomed to failure, will be made".

Meanwhile Sir Alan Walters, the former economic adviser to Baroness Thatcher, was giving his views on the future of European monetary union at a meeting organised by the pressure group City Concern over Federal Europe.

Sir Alan expressed the view that European countries would skip over the second stage of monetary union (where countries strive for economic convergence) and move straight to the third stage (full monetary union).

But he believed that full monetary union would be based on other currencies having a fixed exchange rate with the Deutschemark, with the Bundesbank acting as a *de facto* European central bank. Already, he said, the Dutch guilder was virtually fixed to the D-Mark.

Sir Alan said that it was foolish to imagine that the Germans would want to give up their currency, or the Bundesbank its power, in order to create a new European central bank based on the European currency unit (Ecu).

He said the late Lord Ridley's condemnation of the exchange rate mechanism as a "German racket" was not all that far wrong. But he said that "lashing yourself to the German economy is an act of misplaced faith. Germany has increasingly become a corporatist state and its performance has gone down".



Prime Minister John Major in Downing Street yesterday with Tory candidates for the European elections in June Picture: Ashley Ashwood

Hurd warns Tories on in-fighting

By Philip Stephens, Political Editor

Mr Douglas Hurd yesterday issued a clear warning to the Conservative party to avoid refighting last year's battles over the Maastricht treaty and concentrate instead on a common platform in the forthcoming European elections.

In a speech in London before his departure last night for Moscow, the foreign secretary set out the central planks of a manifesto which he hopes will avoid renewed splits in the party in the run-up to the June poll.

Mr Hurd, who is drafting the manifesto, proposed a carefully balanced series of commitments to re-affirm the Conservatives as "the party of Europe" while disavowing the centralist ambitions of some of its partners.

He told a conference of Tory candidates for the Strasbourg parliament that the manifesto would offer "a positive vision of a strong Britain in a strong Europe, thriving, decentralised, free trading and open to the wider world".

It would have at its core the goal of renewed economic prosperity in Europe through deregulated and competitive markets, low inflation and smaller budget deficits, encouragement for productive investment and improved skills.

Mr Hurd said that this British "action plan" for Europe was becoming the orthodoxy. Alongside the Conservatives' other goals of free trade and enlargement of the EU to include the states of central and eastern Europe, it offered the opportunity to build "a less remote, more decentralised Europe, which moves with the grain of popular opinion".

In a move to reassure the pro-European wing of his party that the government would not compromise its fundamental commitment to Europe, Mr Hurd said there was nothing "narrow or xenophobic about such ideas". The union was a pioneer: "We are safer and more prosperous because it exists".

Enhanced co-operation on foreign policy would be based on co-operation between governments acting on the basis of unanimity. There would be no European straitjacket. Similarly the development of a European defence identity would be within and alongside the wider Nato alliance.

Mr Hurd contrasted that approach with what he termed a "Lib-Lab pact on Europe" which accepted the integrationist agenda of the Brussels bureaucrats.

The enthusiasm of the opposition parties for a "single centralised state of Europe" was one "locked in the past" and was not what the citizens of Europe wanted, he said.

Industry 'under-uses science graduates'

By Andrew Fisher

British industry is being held back in science and technology by its low employment of postgraduate engineers and scientists, a report said yesterday.

The National Institute of Economic and Social Research compared British and German companies and said that British employers were concerned that post-graduates were too specialised and less likely than first-degree graduates to acquire commercial and practical skills.

UK companies' limited use of post-graduates was also a result of "the relatively slow growth, by international standards, in British manufacturing investment in research and development".

The institute warned that under-employment of highly qualified personnel by many British companies put them at a disadvantage against foreign rivals.

The institute looked at the chemicals and engineering sectors. In engineering, it identified close links between the German industry's greater employment of technical postgraduates and its superior performance in product and process innovations, with benefits for export competitiveness.

Germany produces about a third more PhDs per head of population in engineering and technology subjects than Britain and more than five times as many people at MSc level.

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Eurostar banking on business travellers

By Charles Batchelor, Transport Correspondent

The Eurostar train service which will run from London Waterloo through the Channel tunnel to Paris and Brussels expects one in five of its customers to be business travellers.

The Channel tunnel service, which was inaugurated yesterday with a trial run from Vauxhall in south London to the new Waterloo International terminal, is expected to provide tough competition for the airlines on their short-haul European routes.

Business travellers are expected to account for 18 per cent of all journeys while independent leisure travellers will account for 64 per cent and inclusive tour travellers for a further 18 per cent.

On the longer journeys from London through to the Netherlands and Germany the absence of high-speed lines will extend journey times and business travellers are expected to account for only 5 per cent of journeys, European Passenger Services, the British Rail subsidiary which will run the trains, said.

The Eurostar trains will consist of 18 air-conditioned carriages with on-board telephones and multi-lingual staff. Each train will have two bar-buffets but meals will be served to first class travellers at their seats. Each train will have 210 first class seats and 584 second class seats.

Customs controls on day-time services will take place on the train while night-time service controls will take place at the start of the journey. Passengers will be subject to airport-style security but there will be no duty-free sales.

Prices have yet to be announced while the starting date for the passenger service, which is separate from the car passenger shuttle service between Folkestone and Calais, is expected to be sometime in the summer.

Eurotunnel said last week that starting dates for both its freight and passenger services would be delayed.

The Eurostar trains will provide a three-hour journey time between London and Paris falling to 2 hours and 30 minutes in 2002, when the high speed link between London and St Pancras is expected to open.

Services between London and Brussels will take 3 hours and 15 minutes falling to two hours 40 minutes when the Belgian high speed link opens in 1996 and two hours 10 minutes when the British high speed link is completed.

National Lottery attracts eight bids for licence

By Raymond Snoddy

The prospect of £10bn being raised for good causes in the UK over the next seven years was outlined yesterday as eight formal bids were submitted to run the first national lottery in Britain for more than 150 years.

The claim that £10bn would go to good causes over the lifetime of the lottery licence came from Mr Richard Branson, the Virgin chairman who together with Lord Young, the former cabinet minister, put together the UK Lottery Foundation.

Two other leading contenders for the licence, who asked not to be named, suggested yesterday that although £10bn might be on the high side it was not all that different from their figures.

The good causes chosen by the government to benefit from the lottery are: the arts, charities, the national heritage, sport and a millenium fund.

Mr Peter Brooke, National Heritage secretary, said yesterday that the fact that eight bids had been submitted was "immensely good news for everyone in this country".

Not only would many new millionaires be created but the competition would reduce costs to a minimum, he said.

Mr Peter Davis, director-general of the National Lottery, hopes to announce the winner by the end of May and the first tickets could go on sale by the early part of next year.

The Virgin chairman said yesterday that the UK Lottery Foundation, which unlike the other bidders will give all its profits to good causes, was talking to Marks & Spencer which was "very inclined to support us". The retail group will decide at a board meeting next month whether or not to allow Foundation terminals into their stores in the event of a Branson/Young victory.

Sir Ron Dearing, chairman of Camelot, widely considered one of the front runners said that its bid submission represented the combined recommendations of the world's leading lottery experts."

Sir Christopher Benson, chairman of Games For Good Causes, said the consortium which has been joined by Caledonia Investments had " devised an exciting games strategy which will attract more than 60 per cent of the adult population to play every week."

Mr Gerry Robinson, chairman of the Great British Lottery Company, promised that "the amount retained by us will be very small".

Whatever happens to Mr Branson's bid he clearly won the publicity battle yesterday. Despite snowy weather Desert Orchid, the famous racehorse, was called in to support the Branson bid, though plans to ride the beast to the National Heritage department had to be abandoned.

Splitting the atom fuels a privatisation

David Lascelles on the Atomic Energy Authority

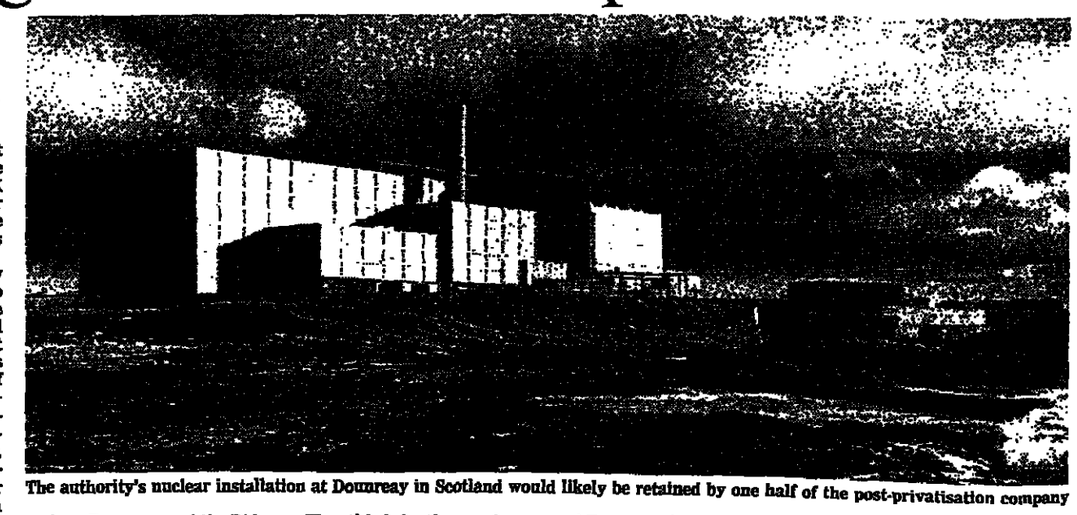
The British government is expected to announce the £200m sale of the UK Atomic Energy Authority later this week, heralding one of the more unusual privatisations yet attempted.

For one thing, the authority will have to be split into two parts to separate the sellable bits from those which will have to stay in government hands. The radioactive sites left over from 40 years of experimentation and development of the UK nuclear industry will remain the responsibility of the state. For another, the assets being sold will consist largely of the brainpower of the employees rather than tangible plant and equipment.

Privatisation could take many forms. The company could be floated on the stock exchange where its value would be of the order of £200m. Alternatively it could be sold whole or in bits to private sector companies. However, any purchaser would have to safeguard the independence on which the authority's reputation would depend. There could even be a management buy-out.

Sir Anthony Cleaver, the former chief of IBM's UK subsidiary, who is now the authority's chairman, is keen to see the authority move into the private sector. He describes it as unique and capable of generating healthy profits.

The split will take place in April. One half will retain the various nuclear installations, such as Dounreay and the Dido and Pluto experimental reactors at Harwell, the company's headquarters, which are being shut down and will have to be decommissioned. The costs of this work will be borne by the taxpayer. The second, to be named AEA Technology, will be privatised as a consultancy offering a wide range of expertise not just in the nuclear field, but also other high-tech areas of industry.



The authority's nuclear installation at Dounreay in Scotland would likely be retained by one half of the post-privatisation company

Sir Anthony sees three broad areas of operation. One is what he calls plant optimisation: offering services to enable companies to make the best use of production plant, and extending its life.

The second is safety assessment. Again, this could be applied to other areas like transport where demand will grow with rail privatisation.

The third is the environment. With the acquisition last year of the government's Warren Springs environmental research laboratory, the authority plans to create a national environmental technology centre.

At the moment, 70 per cent of the authority's turnover is related to the nuclear industry. Sir Anthony expects to see that fall to 30 per cent over the coming years as the non-nuclear side strengthens. Some 40 per cent of its work is government or public sector. But the private side is the fastest growing, and its proportion will increase. Sir Anthony sees the authority's foreign business growing from its present 20-25 per cent share.

Business in Japan, for example, doubled over the past two years.

AEA Technology will account for about £200m-£250m of the authority's current total turnover of some £400m a year. It will also have 3,500 of the present 7,500 employees, though the restructuring is likely to produce some 2,000 redundancies. Employment has already halved since 1989.

The big difficulty, though, is valuing this business. If most of the authority's assets are its people, it could easily lose them if they walk out the door. Sir Anthony believes that the challenge of creating a new business plus the authority's range of technological expertise will be a powerful incentive for people to stay. "We can offer an exciting future," he says. "I see us doubling our turnover by the end of the century."

But he is evasive on the issue of profitability. The authority as a whole lost £48m last year, mainly because of £62m of exceptional costs linked to the restructuring. The year before it made a profit of £14m. Sir Anthony will say only that AEA Technology could make profits in the double figures.

"The AEA is an unusual animal. There are no similar listed companies," says Mr Alexander Johnston of Lazards, the authority's merchant banking advisers. The package offered to investors or potential buyers would have to include clear indications of the company's contracts and its growth prospects. One way of making it attractive would be for the government to sign large long term contracts to service the parts retained in the public sector.

The dream of a harvestable biopolymer could be soon be a reality, writes **Victoria Griffith**

Plastic that grows on trees

Picture groves of "plastic bushes" that produce plastic in the same way cotton plants make cotton. This is not an image from a whimsical Beatles song. It is a dream that scientists say will become reality by the end of the decade.

The goal is to create a harvestable polymer that can be used to make everything from throw-away consumer plastics to car parts. "Natural" plastic is not a new idea. In the 1970s, the oil crisis spawned research in the field when the future of petroleum-based plastics seemed under threat.

Later, environmental concerns heightened interest in the material, which biodegrades rapidly. Petroleum-based plastic is not only one of the most difficult materials to recycle, it also has an inconveniently long life, often taking hundreds of years to decompose. With communities desperate to cut down on landfill volume, biodegradable plastic is an appealing concept.

Early research into non-petroleum-based plastic faltered, but advances in genetic engineering over the past few years have reawakened interest in the idea.

"Plants are the way to go because they would be the cheapest form of production," says Anthony Sinskey, professor of microbiology at the Massachusetts Institute of Technology and an adviser to Metabolix, the US biotechnology group. Sinskey says he and his colleagues have been able to capture the genes in certain bacteria that are responsible for producing biosynthetic material.

"Ten years ago, research in this area got stuck because the producing enzymes were difficult to purify and control," Sinskey says. "Molecular biology has changed the focus because now we can move the genetic information around, either to bacteria which reproduce rapidly, or ideally, to plants.

"Sunlight, which plants tap, is ultimately cheaper than petroleum or the glucose or lactose used in today's fermentation methods, and the plants don't have to make a lot of the material to make it economically worthwhile."

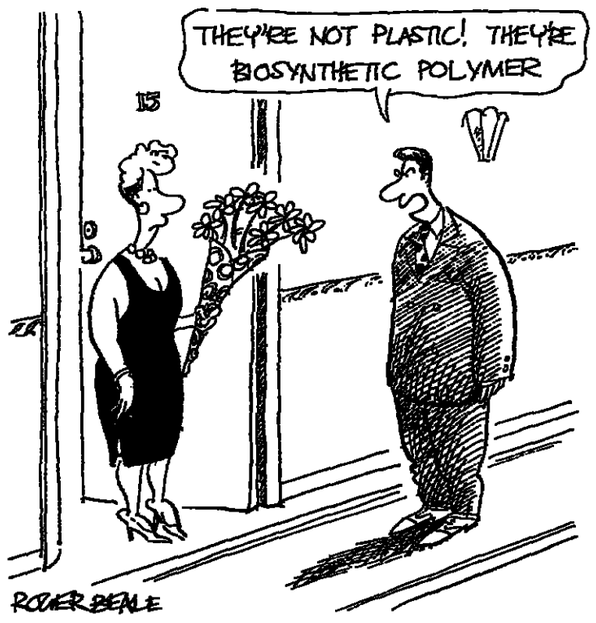
By transferring the plastic-producing genes to seeds, plants could theoretically be made to make polyester fibres. "Potatoes and mushrooms might be good possibilities – we are experimenting with them," says Tillman Gerngross, a research scientist at Metabolix. "But so far, we have only been able to produce the reaction in a glass tube."

Plastic-making plants still may be a dream, but several companies have already scored successes with other methods. Britain's Zeneca, for example, is making biodegradable polymers from bacteria. The company sells biodegradable shampoo bottles under the brand name Biopol, and is exploring other potential uses for the material, including plastic film.

US-based Cargill is also making biodegradable plastics, and plans to dedicate much of a new plant in Nebraska to making plastics from cornstarch. "We see a big market in plastic-coated cardboard and diapers [nappies]," says Patrick Gruber, director of Ecopla, Cargill's biodegradable plastics division.

Warner-Lambert of the US, which produced plastics from starch, even ran some trials at Disney World with a line of biodegradable utensils. The company also began selling peanut wrappers and composting bags. But these early forays met with limited success. Warner-Lambert decided to back out of the business in 1993 after several years of research.

"To get where we'd want to go with this, it would take a lot of money and time," the group said. "So we decided to concentrate on our core businesses instead." Warner-Lambert, best known for pharmaceuticals, is still looking for a buyer for its bioplastics technology.



There are two big problems with current biodegradable plastics. First, they are expensive to make, running to three or more times the cost of producing petroleum-based plastic. Second, early trials created weak materials that began to disintegrate under moist conditions and stick to the hands of the user.

Scientists hope the latest advances will not only improve the quality of the final product but will also bring down costs. Petroleum-based plastic is extremely cheap as well as highly versatile.

One of the keys to making natural plastics cheaper, says Dave Barstow, general manager of the biopolymers division at Zeneca, is ensuring that the plastics can be used easily in current moulding machines. "Businesses won't buy a new machine to accommodate this product, so that is key to our long-term success," he explains.

Many in the market believe they may eventually be helped by increased environmental awareness. Companies concerned with their ecological image may adopt the idea of using the materials for packaging, and local government may step in.

"There is always the possibility that we may get some subsidies from communities worried about landfills and the high cost of recycling plastic," says Edward Muller, chief executive officer of Metabolix.

Still, Muller insists that the real key to success is in producing a cheap, easy-to-use material of exceptional quality. For that reason, Metabolix, along with other groups like Zeneca, is looking beyond biodegradability to plastics with superior performance qualities.

"We are exploring the material's advantages in electrical conductivity and resistance at different temperatures," Muller explains, "to see if we can find some potential new uses."

Another important potential market would be in drug delivery systems. "Because the materials break down quickly over time, they could be used as capsules to release medicine over a short period to the body," says David Kaplan, senior scientist with the biotechnology division of the Natick Army Labs, which uses US federal grant money to conduct research in the field.

With a number of hurdles to overcome, non-petroleum-based plastics probably have a long way to go before they become a leading force in the worldwide plastics market. Still, research in the area is advancing, and interest in biodegradable plastics is strong. If all goes well in the laboratories, by the end of the decade seasonal workers may be hired for the summer on plastic plantations.

Radiation experiments come to light

Victims may never receive financial compensation, writes **Christopher Anderson**

This week, as in every week since early December, hundreds of Americans will call the US Department of Energy to report that they were subjects of human radiation experiments. Two months ago, Hazel O'Leary, the energy secretary, mentioned the word "compensation" on national television in response to press accounts of experiments in the 1940s in which terminal cancer patients were injected with plutonium to see how it would affect them.

Since the plutonium experiments were revealed, other cases have come to light: 17 boys in Massachusetts had been given breakfast cereal laced with small amounts of radiation; in Oregon, scientists irradiated the testicles of 67 prisoners. Some of the experimental subjects gave their informed consent, others were never asked.

At her press conference, O'Leary said she was "shocked and saddened" by news of the experiments. She then set up a toll-free telephone number for the public to report other "abuses".

So far, more than 18,000 have called; about half are armed forces veterans who believe they have been exposed to radiation during nuclear weapons tests. Of the rest, more than 2,000 believe they were the subjects of experiments.

A federal task force is gearing up to review government experiments involving radiation and humans from 1944 to 1974. By all estimates, most of the research was legitimate. Yet some experiments were unethical by today's standards, and perhaps even by the standards at the time.

The sheer magnitude of the review task, however, has turned an attempt to "come clean" on previous government abuses into a paperwork nightmare that may take years to complete.

Over the past month, officials have begun to back away from talk of compensation. "Financial compensation is just one of several models we're considering," says John Donnelly, a spokesman at the Department of Energy. "There may not be any compensation at all." At a congressional hearing on the subject last week, administration officials said they were considering a range of options, from monetary compensation to medical follow-ups or just formal apologies.

The US has an ample history of paying compensation when it has wronged its citizens, but it has usually done so only after pressure and years of bureaucratic wrangling. The largest compensation payment – $1.6bn (£1bn) – went to Japanese-Americans who had been confined in internment camps during the second world war. The government made its first payments in 1989, more than 40 years later.

Perhaps the nearest thing to compensation for subjects of radiation experiments is the 1990 Radiation Exposure Compensation Act, which aided "downwinders" (members of the public who were exposed to fallout from atmospheric nuclear test), on-site participants of nuclear tests and uranium miners. To be eligible for a lump sum compensation of $50,000, the downwinders have to prove they have developed one of 13 specified types of cancer.

Unlike accidental irradiation, the jury is still out on whether most of the experiments were cases of government wrongdoing

The on-site participants are eligible for $75,000 if they can do the same. And the miners get $100,000 if they can prove they were exposed to high levels of radiation and subsequently developed lung cancer or one of four other respiratory diseases. Since 1992, the government has received 3,595 claims, of which it has approved nearly half, for a total of $112m.

Although it took the government more than 40 years to begin paying the voluntary and involuntary participants of the nuclear tests, that programme is now considered a model. Compensation for subjects of radiation experiments could be a more difficult matter.

Unlike accidental irradiation of the public near nuclear tests, the jury is still out on whether most of the experiments were cases of government wrongdoing.

Although the standards of informed consent were often deficient by today's standards, the rules were different then. Many of the experiments were approved by ethics review boards before they began.

While potentially harmful research on prisoners is now considered unethical, it was not until the late 1960s that this was generally accepted. Many researchers also point out that, although it has little bearing on the ethics of the experiments, most of the research was valuable: some of it led to the radiation safety standards in place today.

Making the decision even more difficult for those who must determine whether or not to compensate, none of the experiments questioned has been shown to have caused lasting harm to their subjects.

Ruth Faden, a Johns Hopkins University bioethicist, has been named to head a panel of independent experts who will review the radiation experiments. In her writings, she has argued that before the early 1970s (when the first comprehensive human subjects regulations went into effect in the US) the scientific community's collective sense of ethics was insufficient to make the phrase "informed consent" truly meaningful. By that view, most of the radiation experiments could be in for a beating.

But the panel has not met yet, and the completion of any substantive review could be more than a year away. O'Leary, striking a more tentative note, now says no compensation decision will be made before the review is complete. Science ethics, it seems, are sometimes more complicated than they seem.

LEGAL NOTICES

NOTICE TO ALL DEPOSITORS AND ALL OTHER CREDITORS OF BANCO LATINO N.V.

PLEASE TAKE NOTICE that on February 8, 1994, the National Ordinance on the Supervision of the Banking and Credit System of the Netherlands Antilles (P.B. 1994 no. 4) came into force (the "Ordinance"). According to the Ordinance, the provisions of Moratorium of Payments of the Bankruptcy Act of 1931 are not applicable to credit institutions, such as BANCO LATINO N.V. In light of this, the Bank van de Nederlandse Antillen (Central Bank of the Netherlands Antilles) on such date has filed a petition with the Court of First Instance for the purpose of declaring the emergency measures as laid down in said Ordinance applicable to BANCO LATINO N.V., a corporation domiciled and with its place of business in Curaçao. This petition has been granted by the Court as of February 8, 1994. Simultaneously with this court decision, the provisional official moratorium granted to BANCO LATINO N.V. as of January 19, 1994 was withdrawn by court decision.

Under the emergency measures noted above the Bank van de Nederlandse Antillen (BNA) assumes and forthwith exercises all powers of the directors and managing directors of BANCO LATINO N.V. The Bank van de Nederlandse Antillen has appointed Mr. Eric L.Garcia to exercise these powers on its behalf effective February 8, 1994. Mr. Garcia has over thirty years of experience in International Banking. BNA has charged Mr. Garcia with the following responsibilities:

- the protection of both the assets of BANCO LATINO N.V. and the interest of depositors and other creditors of BANCO LATINO N.V.; and
- the establishment of the exact financial position of BANCO LATINO N.V. and the determination of whether rehabilitation of BANCO LATINO N.V. is advisable.

PLEASE TAKE FURTHER NOTICE that depositors and other creditors who may have claims against or otherwise be creditors of BANCO LATINO N.V. are requested to contact Mr. E L Garcia at BANCO LATINO N.V., P.O. Box 785, 61 de Ruyterkade, Willemstad, Curaçao, Netherlands Antilles, fax (599-9) 616163. In addition, depositors and other creditors will be informed in a separate announcement of the required procedures for the registration of claims against BANCO LATINO N.V.

PLEASE TAKE FURTHER NOTICE that a meeting will be held at 8:00 in the morning on Friday, April 15, 1994 in the International Trade Center in Curaçao during which information will be provided to all depositors and creditors of BANCO LATINO N.V. and to all other interested parties.

BANK VAN DE NEDERLANDSE ANTILLEN
Willemstad, February 9, 1994

The High Court
IN THE MATTER OF BARLO GROUP PLC
AND IN THE MATTER OF THE COMPANIES ACTS 1963-1990
NOTICE OF PETITION

Notice is hereby given that a Petition presented to the High Court of Ireland on the 27th day of January, 1994 for an Order confirming the reduction by IR£15,958,778.00 of the balance standing to the credit of the Share Premium Account, and that such amount be transferred to a capital reserve which may be applied for any purpose which is in accordance with any of the purposes for which is a in accordance with any of the purposes for which a balance on the share premium account may be applied under the Companies Acts or which may be applied for the purpose of writing off any goodwill on consolidation or any excess of the fair value of the consideration in respect of any acquisition or excess of the fair value of the cost of investing in any company or business or asset by the company or any of its subsidiaries over the fair value of the underlying separable net assets (after all provisions and adjustments) as brought into the Company's consolidated balance sheet but which may not be applied for any other purpose, is directed to be heard before the High Court of Ireland on Monday the 28th day of February, 1994 at 11.00 o'clock in the forenoon at the Four Courts, Inns Quay, Dublin 7.
Dated 11th day of February, 1994.
WILLIAM FRY
Solicitors for the Petitioner, Fitzwilton House, Wilton Place, Dublin 2.

No. 0010525 of 1993
IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
IN THE MATTER OF CIVIL AND MARINE SLAG CEMENT LIMITED
- and -
IN THE MATTER OF THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that the Order of the High Court of Justice (Chancery Division) dated 20th January 1994 confirming the reduction of the Share Premium Account of the above-named Company from £12,550,290 to £6,279,171 was registered by the Registrar of Companies on 8th February 1994.
DATED this 8th day of February 1994
Lovell White Durrant
65 Holborn Viaduct
London EC1A 2DY
Solicitors for the above-named Company

No. 0018794 of 1993
In the High Court of Justice
Chancery Division
IN THE MATTER OF FAIRBRIAR PLC
and
IN THE MATTER OF THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that a Court Order dated 2nd February 1994 confirming the reduction of the capital of the above named Company from £4,238,114.87 to £466,214.87 and the cancellation of the Share Premium Account of the above named Company of £114,000 was registered by the Registrar of Companies, and the said cancellation of the Share Premium Account takes effect as from the 5th February 1994.
A copy of the said Order will be furnished to any such person requiring the same by the undermentioned solicitors on payment of the regulated charge for the same.
DATED this 15th day of February 1994
Wilde Sapte
Queensbridge House
60 Upper Thames Street, London EC4V 3BD
(Ref: ALW/394758)
Solicitors for the above mentioned Company

IN THE MATTER OF FASHION BUTTONS LIMITED
AND IN THE MATTER OF THE INSOLVENCY ACT & RULES 1986

NOTICE IS HEREBY GIVEN pursuant to Rule 4.106 of the Insolvency Rules 1986 that on 10 February 1994 I, SURJIT KUMAR SINGLA of Singla & Company, 49 Queen Victoria Street, London, EC4N 4SA was appointed Liquidator of the above-named company by the members and creditors.
NOTICE IS ALSO HEREBY GIVEN that the creditors of the above-named Company, which is being voluntarily wound-up, are required, on or before the 11 April 1994, to send in their full Christian and surnames, their addresses and descriptions, full particulars of their debts or claims, and the names and addresses of their Solicitors (if any), to the undersigned Surjit Kumar Singla F.C.A. of Singla & Company, 49 Queen Victoria Street, London, EC4N 4SA, the Liquidator of the said Company, and, if so required by notice in writing from the said Liquidator, are, personally or by their Solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.
Dated 10 February 1994
S K Singla
Liquidator

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Registered number: 2183301

Trading name: Gauntlet
Trade classification: 6629
Al Ruddock and N H Cooper
Joint Administrative Receivers of
The Galleria, Station Road, Crawley RH10 1HY
Office holder numbers: 06877 & 5399
Date of appointment: 7 February 1994
By whom appointed: Dnli Holdings Limited
Date of charge: 2 November 1987
Nature of charge: Debenture

IN THE MATTER OF THE INSOLVENCY ACT 1986
- and -
INDERAWASI INSURANCE ADVISORY LIMITED

Notice is hereby given that Christopher John Barlow and Timothy Richard Harris of Cork Gully, St Andrew's House, 20 St Andrew Street, London EC4A 3AY were appointed Joint Liquidators of the above named company which is registered in Hong Kong, with effect from 1st March 1993.
Dated this 7th day of February 1994
T R Harris
Joint Liquidator

IN THE MATTER OF THE INSOLVENCY ACT 1986
- and -
GRAND UNION REINSURANCE COMPANY (UK) LIMITED

Notice is hereby given that Christopher John Barlow and Christopher John Hughes of Cork Gully, St Andrew's House, 20 St Andrew Street, London EC4A 3AY were appointed Joint Liquidators of the above named company with effect from 19 March 1993.
Dated this 7th day of February 1994
C J Hughes
Joint Liquidator

CONTRACTS & TENDERS

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Leisure Clothing (male and female)	Approx 1100 sq ft

It is anticipated that the contracts will commence on 23rd May 1994.
Companies wishing to be considered for inclusion on a select list of tenders should telephone Retail Operations on 061 489 2287 with the following information:-

1. Name and address of Company
2. Contact name and telephone number
3. Product category

Contact should be made as advised above by **Wednesday 23rd February 1994.**

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1/94

An unusual factoring technique has been revived, says **Richard Gourlay**

New life for old form of financing

Ever since Eddie George called on companies last month to find ways of financing growth other than by overdraft, the factoring industry has been on a roll.

This flexible form of finance is growing rapidly albeit from a low base, and appears to be shedding the poor image that has dogged it for years. The industry has even persuaded George to speak at its annual dinner this year, the first time a Bank of England governor has graced the event.

But the traditional factoring and invoice discounting product may be about to receive a small shock. A start-up company backed by Mees Pierson, the Dutch merchant bank which helped put the Netherlands on the map as a trading nation, has re-introduced a form of debtor financing to the UK not seen since the mid-18th century.

Foster Church was formed by Frank Horack, a former banker with Chase Manhattan, and has some of the characteristics of factoring. Specifically, debtor financing provides rapidly growing companies with a working capital facility that grows as sales grow. This is an important attraction of factoring – growing companies can find they are constantly bumping up against their overdraft ceilings.

But there the similarity ends. Where a factor buys its clients' debts, Foster Church buys their goods and effectively becomes the seller to the customer. In return it gives the supplier up to 80 per cent of the value of the sale in cash on a non-recourse basis and advances credit to the customer.

What is more, unlike in a factoring arrangement, Foster Church allows its clients to present as few or as many invoices as they like. A factoring company will generally only factor the entire debtor book, so that companies can find themselves paying for a service that they are not actually using. And it does not seek personal guarantees from directors of the companies it serves.

While the cost of Foster Church's finance is similar to that of factors – about 4 per cent over bank base rate – its commission is steep at 3 per cent per transaction. Horack says this is justified as companies pay only for services they use. But it also means its debtor financing service is unlikely to be attractive unless a company is both growing rapidly and enjoys healthy gross margins.

There is one other novelty. Because it is focused on higher-risk small growing companies, Foster Church has the right to "earn" options to buy an equity stake. As the client's use of the service increases, so does Foster Church's right to share options.

No one seriously expects Foster Church's so-called Excel-erator to mount a single-handed challenge to traditional factoring. Debtor financing is unsuitable for many companies and some businessmen and women remain reluctant to give up equity, even if this financing method would speed up the pace of development.

But the debtor financing method has proved effective for some companies which have found factoring too restrictive. "The factoring package usually is an all or nothing situation – they take your entire debtor list. Foster Church is more flexible," says Alan Houston, managing director of Heritage Food, which makes frozen desserts and is growing sales of £2m by about 25 per cent a year.

He has also used Foster Church for acquisitions. "You can accelerate cash flow at critical times. If you seek a bank facility on buying a business, the bank will look for six months' trading experience before lending."

Charles Stacey, managing director of British Astec, which sells therapeutic beds and chairs to the National Health Service among others, is another enthusiast. "Because of the expansion rate we have been able to achieve we have had constant cash flow problems," says Stacey. "They can cure our cash flow very quickly."

Debtor financing will not work for every company but Eddie George would be proud.

Foster Church: 021 236 1457

Last month Passport Modevertrieb GmbH helped to launch a new adventure for 3i. The Stuttgart-based maker of ladies' knitwear became the first company to receive equity from a Ecu 300m fund that 3i has raised for investment in continental Europe's unquoted companies.

Important as the deal was to Passport Modevertrieb's owners, the investment has a wider significance for 3i. The European fund is a departure for the 45-year-old institution in the sense that it is the first time it has raised money to manage for other investors. It also signals a desire by 3i to accelerate its expansion in the less developed and growing continental European venture capital market. But, most intriguingly, it appears to put in place one of the last elements necessary to prepare the UK's largest venture capital company for a stock market flotation.

The fees 3i will receive for managing the new fund will boost the profit and loss account, while the fund approach will allow expansion without undue pressure on the group's balance sheet. The fund's launch also comes at a time when venture capital investment trust shares, against which 3i would be compared, are trading at a historically low discount to net asset values.

3i and its advisers deny the new fund was raised with any thought to relaunching last year's hastily abandoned flotation. The group's shareholders – the UK clearing banks and the Bank of England – may yet decide they do not want to sell.

But even if 3i remains unquoted, its move into fund management is significant on two counts.

Until now 3i has always invested off the strength of its own balance sheet, unlike many UK venture capital providers which periodically raise funds to manage for other investors.

That has now changed. Neil Cross, 3i's international director, makes it clear the raising of a fund is not a one-off event. Depending on how successfully 3i invests the first fund, the group could be back raising more capital within two years. What is more, 3i does not rule out raising funds for investment elsewhere, including the UK.

"We wanted to make a strategic development for the group into fund management," says Cross. "I felt strategically it gave me a more assured flexibility and it was a business 3i should be in."

3i's move into managing other people's unquoted investment portfolios could add to competition among venture capital companies for new funds. Some UK institutions are already showing a reluctance to invest more in new funds and the arrival of a group with 3i's reputation may be less than welcome, particularly to the smaller venture capital providers.

Others disagree. Ronald Cohen, chairman of Apax Ventures, who is currently in the US raising a new fund, says the supply of funds is not "finite" and a good record will always attract investors.

From the point of view of private equity investment in continental Europe, 3i's move also signals a more aggressive approach, though not without risks.

The group already makes 25 per cent of its equity investments on the continent each year. But this market is greatly underdeveloped by UK standards. In France, the market that is closest behind the UK, penetration of investment capital as a proportion of GDP is barely more than a third of the level of 3i's domestic market.

Italy, Germany and Spain, where 3i will also invest, are even less well developed. But once the economies in these countries improve, the market for unquoted investments could rapidly expand, says Paul Waller, 3i's European director.

Companies like Passport Modevertrieb are likely to provide this growth. For 20 years, the company has been conservatively and profitably run. Then, like thousands of other German companies, it ran into the issue of how to secure succession as the founders moved towards retirement.

Wanting to maintain its independence, the owners turned to 3i to back a management buy-out that left the founders with a substantial minority stake.

The succession issue is facing family-owned companies throughout continental Europe.

"There are 15,000 family businesses that have to manage their succession over the next 10 years so there is a massive market to tap into," says Schlytter-Henrichsen, managing director of 3i, Germany. "We see the opportunity to buy from large groups that are divesting of subsidiaries and may have sales of DM200m-DM300m (£77m-£116m)."

But some venture capitalists say the continental European market is not as developed as the UK for good reason. "Europe is higher risk as well as higher growth and higher reward," says one UK-based venture capital supplier.

"Motivation in Germany is different," he says. "Managers there have been more interested in a large secure salary and a big position rather than capital gain. Go to Italy and Spain and you don't know what books you are looking at, while in France the Brits don't go down too well."

Others believe 3i is hedging its bets in continental Europe by "investing other people's money". 3i denies this and says the fund will allow it to double the average size of transaction and will increase its ability to underwrite deals.

But why raise the fund now, if the group's capital base is not yet constraining growth? The industry is convinced 3i is preparing for flotation and a closer look at 3i's funding supports this.

3i's investments in Europe will mostly be in the form of equity for management buy-outs and buy-ins. They will bring 3i a relatively low annual running yield – or return, from various forms of dividends.

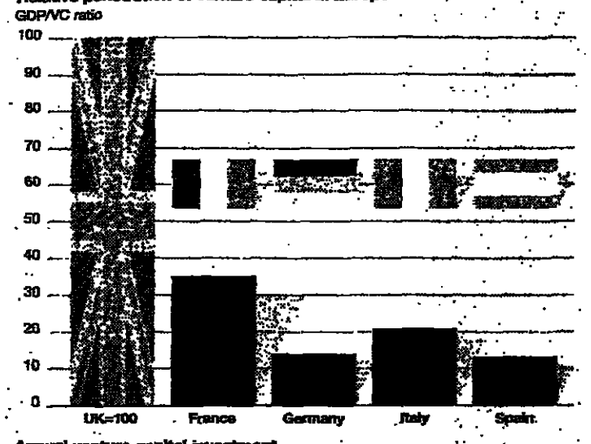
By contrast, 3i's UK investments include a substantial number of loans in addition to equity investments, which means the running yield is higher.

A rapid expansion in continental European investment off its own balance sheet could lead to a gap between the cost of 3i's bank borrowings and the much lower revenue from the relatively low running yield on continental investments. The profit and loss account might then suffer.

By expanding in Europe through a fund, 3i will be protecting its profit and loss account. That way lies the route to a dividend large enough to support the kind of valuation 3i's shareholders might want before floating the group.

Venturing into Europe

Relative penetration of venture capital in Europe
GDP/VC ratio



Annual venture capital investment

Ecu bn*	1987	1988	1989	1990	1991	1992
UK	1.6	1.9	2.3	1.9	1.6	1.8
France	0.4	0.7	0.9	0.8	1.0	1.0
Germany	0.1	0.1	0.2	0.6	0.6	0.6
Spain	0.1	0.1	0.1	0.1	0.2	0.1
Italy	0.1	0.2	0.2	0.2	0.5	0.5
Total	2.3	3.0	3.8	3.6	3.9	4.1

*converted from local currency at 1992 average EVCA exchange rate.
Source: EVCA/Initiative Europe

European adventure

Richard Gourlay reports on signs that Britain's 3i is preparing for a stock market flotation

Suppliers under threat

Traditional venture capital suppliers are under threat from some of the UK institutions which invest in them, says a report* from Initiative Europe, a specialist publisher in the industry.

Competition is growing from other providers of finance such as banks, insurance companies and other institutions, the UK Venture Industry Review says.

"In the long term, the traditional venture capital suppliers are expendable unless they can prove they really do add value by sourcing and structuring exceptional deals," says Antonia Millen, managing director of Initiative Europe.

Venture capital suppliers must prove they are providing an efficient and cost-effective conduit between the institutions and unquoted companies, she says.

The report is billed as a strategic review of the UK's venture capital industry and the structural changes that are likely by the turn of the century.

One of the biggest threats is from institutions that are by-passing the venture capital funds and "investing directly" in the unquoted sector, it says.

The latest to move in this direction are Eagle Star and Sun Life which have set up their own operations, following a path trodden by Cinven and Legal & General a decade ago when they developed their own in-house investment teams.

There is also an increase in the number of so-called captive operations – venture capital suppliers that predominantly manage funds for their parent organisations.

"Some institutions that used to make investments via funds are increasingly saying we have learnt how to do it by co-investing and we will now do it alone," says Millen. Often the reason these institutions contributed to funds in the first place was to learn how to invest in unquoted equity.

** UK Venture Industry Review. Price £450, from Initiative Europe. Tel: 071 735 9838.*

RG

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STATE PROPERTY AGENCY

TERMS OF REFERENCE
The State Property Agency
announces a single round public tender for the state owned shares in Vegyimüveket Epitö és Szerelö Rt. (Chemical Works Building and Assembling Rt)

We would like to inform those who are interested that the equity of VEGYEPSZER is HUF 1.457.414.000, its registered capital is HUF 1.073.000.000 from which the announcer sells a share package with the nominal value of HUF 782.064.000 (72.9% of the registered capital).

The share package can be purchased in cash, with compensation coupons or using the E-loan construction.

The bids must be submitted in three copies in a sealed envelope not bearing a letter head. The original copy must be indicated.

The period over which the bid shall be binding: a minimum of 90 days.

Deadline for submitting the bids:
April 6 1994
between 12 a.m. and 2 p.m.

Bids must be submitted to:
State Property Agency
room: 804
1133 Budapest
Pozsonyi út 56.

The State Property Agency reserves the right to declare the tender null and void.

Condition for the tender submission:
The purchase of the information package containing the detailed tender description. Purchase price: HUF 20.000. The above mentioned document is available at the SPA information office (address: 1133 Budapest Pozsonyi út 56.) The contents of the information package is strictly confidential, therefor a confidentiality declaration must be signed by the buyer.

For further information please contact the Secretariat of VEGYEPSZER Rt. (phone:+361 252 1694) or Mr. József Birinyi (SPA phone: +361 269 8600/23-58).

INVEST IN HUNGARY ● A SAFE EXPANSION

STATE PROPERTY AGENCY

INVITATION TO TENDER

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amounts to HUF 1 265 000 thousand
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For the purchase of the full package of shares cash money, Existence Credit and indemnity cards may be made use of.

The retention money (HUF 14 200 thousand), the privatization cost (HUF 1000 thousand) as well as the value of the ground in town (HUF 146 638 thousand) shall be paid cash in one amount. Two exceptions may be therefrom:

- if the applicant promised in his tender to pay 50 per cent of the purchase price in indemnity cards the retention money may also be deposited in indemnity cards with Budapest Securities and Investment Co. Ltd. (hereinafter: BÉB);
- if the applicant wishes to submit an offer by making use of indemnity cards or Existence Credit for the full amount, he is entitled to pay the amount of the value of the round in town in instalments in case he agrees upon the conditions of the payment of instalments with the competent organ of self-government. This agreement on the payment in instalments shall be attached to the tender.

The tenders shall be conveyed to the address given in 5 copies, indicating the original one, in closed envelope without giving the sender on it.

The applicant shall oblige himself to maintain his offer for 90 days.

Deadline for the arrival of the tenders: 8th April 1994.

Tenders shall be submitted at the following address:
Allami Vagyonügynökség (State Property Agency)
IKTATÓ
Budapest 1133
Pozsonyi út 56.

The State Property Agency reserves itself the right of declaring the tender null and void. A condition to the submission of tenders is also the purchase of the offer documentation containing also the detailed invitation to tender at HUF 30 000+ VAT against a declaration of secrecy from METAL-ART Ltd.

For further information please apply to METAL-ART Manufacturers of Precious Metal Products Ltd.
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NOTICE

INTERNATIONAL PREQUALIFICATION FOR THE CONCESSION OF THE HADETH - SYRIAN BORDER HIGHWAY

Within the framework of an international consultation, the Executive Council for Major Projects in Lebanon (C.E.G.P.) invites applicants for prequalification in the aim of primarily selecting capable companies or groupings eligible to bid for the tender at a second stage.

Applicants should have the capabilities to finance, construct, operate and maintain the above mentioned highway in exchange of toll fees collected from the users.

The prequalification documents shall be made available as of Monday the 14th February 1994 at the Council's Head Office located in Bir Hassan, Beirut. Applicant can collect them from the General Directorate of Administration against payment of 1.000.000 LBP (One Million Lebanese Pounds) by certified cheque in the name of Consell Executif des Grands Projects, drawn on Banque du Liban.

The applications for prequalification must be submitted to C.E.G.P. in one complete original and one copy not later than 12.00 PM on Thursday the 21st of April 1994.

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Limits clarified on non-EU dentists



EUROPEAN COURT

In two rulings last week, the ECJ clarified the rights of establishment in the internal market of dentists who are member country nationals but who obtained qualifications outside the 12.

In the first, the French Conseil d'Etat asked the ECJ to interpret the 1978 directive on mutual recognition of dentist qualifications. The minister of social affairs had refused on May 2 1986 to authorise Mr Abdullah Tawil-Albertini to practise as a dentist in France. The ECJ was asked to clarify whether the provisions of the directive requiring member countries to recognise certificates issued by another member country prior to the directive coming into force also applied to dental qualifications obtained in non-member countries recognised by a member as equivalent to its own.

In 1968, Mr Tawil-Albertini obtained a Lebanese dental diploma. In 1979, before the mutual recognition directive, his diploma was recognised as equivalent and he was permitted to practise in Belgium, followed by the UK in 1980 and Ireland in 1986.

Mr Tawil-Albertini argued his Lebanese qualification had been recognised as equivalent to another member country's and that he should benefit from the mutual recognition directive implemented in France from 1980.

The ECJ said the directive (78/696) did not require member countries to recognise qualifications other than those based on training in another member. This was because mutual recognition was based on the guarantee provided by a second directive on co-ordination (78/687) that minimum training standards were satisfied.

As an exception, qualifications obtained in a member country before implementation of the harmonised system must also be accepted by other member countries, provided a dentist has practised for three of the preceding five years. But this only covers qualifications issued by members.

Although the directive permits a member country to authorise a dentist to practise in its territory with qualifications obtained in a non-member country, such recognition does not bind others.

In the second case, the ECJ was asked by the Bundessozialgericht to interpret provisions in the recognition directive permitting specific training period requirements as a condition for registration as a dentist under national health insurance schemes and the Treaty prohibition of restrictions on the right of establishment.

An Italian national, Mr Haim, had obtained a Turkish dental qualification in 1946. In 1981, he was recognised as a dentist in Germany and permitted to operate in private practice; in 1982, his Turkish diploma was recognised in Belgium as equivalent to a local qualification; and he worked for eight years registered under Belgium's national health system.

But in 1988, his registration application under a German national health scheme was rejected as he had not completed two years training required by German law.

He argued he was exempt because his Turkish qualification was recognised as equivalent to a qualification listed in the recognition directive. But the ECJ rejected his argument. It said the system of mutual recognition and co-ordination of qualifications was established over eight years from the date the member countries were notified of the 1978 directives. Only dentists with qualifications listed in the directive were exempt from any training period once the directive came into force. During the previous eight years, only dentists with qualifications issued by a member were subject to a reduced training period.

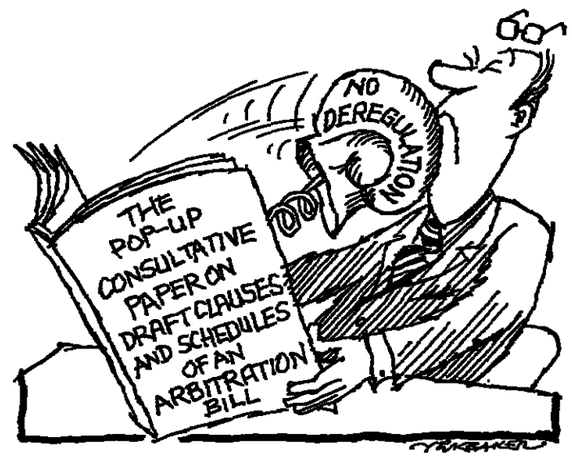
When a dentist with non-EC qualifications but recognised by a member country had practised under the national health insurance scheme of another member country, Treaty rules on the right of establishment required the German authorities to take into account any relevant experience in deciding whether its practical training requirements had been satisfied. Without such verification, the prohibition of restrictions on the right of establishment precluded national authorities from refusing registration.

C-154/93, A. Tawil-Albertini v Min. for Social Affairs, ECJ FC, February 9 1994; C-319/92, S. Haim v Nordrhein Dentists Association, ECJ FC, February 9 1994)

BRICK COURT CHAMBERS, BRUSSELS

Bill pulls the wrong punches

A H Hermann on a document likely to disappoint lawyers and businessmen



The UK government's draft arbitration bill, described by Mr Nell Hamilton, corporate affairs minister, as "a key element of [the government's] deregulation initiative", is likely to fall short of its ambitious aims.

Far from effecting much-needed deregulation, the bill would bring only minor improvements in the substantive law. Its main merit is in consolidating in a single statute the law now dispersed in three arbitration acts, some other statutes and numerous judgments. In short, it would simply make it easier to find the bad rules in the law.

The bill's main weakness is that it would leave untouched the intrusive – and uniquely English – regulation of arbitration, which, after all, is a private industry. If adopted in its present form, the bill would continue to make English arbitration – particularly marine, insurance and commodity contracts – unnecessarily slow and expensive, and to drive parties seeking the resolution of their disputes to friendlier and cheaper shores. The UK Department of Trade and Industry is inviting comments from the legal profession and business by June 30.

English arbitration law lags its Scottish counterpart and its reform had been considered for many years by a DTI departmental advisory committee. The committee was originally chaired by Lord Mustill, a great believer in an arbitration system regulated and dominated by the commercial court. His succession in the chair by Lord Justice Steyn gave rise to a hope of a more progressive attitude.

These hopes were boosted when the committee decided to follow the logical structure of the model law of arbitration adopted by United Nations Commission for International Trade Law (UNCITRAL); it commissioned private lawyers to draft a bill.

However, though the logical structure of the model law survives in the draft bill, the draft produced by the private lawyers had to be revised, at Whitehall's insistence, to conform to the convoluted style of parliamentary drafters. Though the bill is more lucid than the run-of-the-mill legislation, it is still burdened by verbosity and is far from user-friendly for the average businessman.

But the bill does contain some good points. The bill makes it clear that there is no need for the arbitration to follow the procedure of the High Court. The law never required that it should. It was the legal profession which transformed the originally informal arbitration by businessmen or technical experts into a wigless litigation.

The bill would also widen the range of admissible evidence and remove such absurdity as the qualification of business and production records as inadmissible hearsay.

It would confirm the principle that an arbitration clause survives an invalid agreement of which it is a part – its inclusion in the model law reflects an international consensus on this crucial issue.

This measure has already been taken on board by the Court of Appeal on the grounds of the "practical advantage of one-stop adjudication", but its adoption by the bill is valuable: the inclusion of the measure at this stage would protect it against attempts to excise it in the House of Lords where the views of Lord Mustil carry weight on arbitration matters.

Far from effecting deregulation, the bill would bring only minor improvements

The bill also adopts the model law rule that an arbitrator, such as a judge, should be immune from prosecution for negligence, unless he acts in bad faith.

In contrast with such useful restatements and marginal improvements, the bill would leave untouched the three main shortcomings of English arbitration law:

- the rejection of arbitration clauses enabling the arbitrator to decide according to generally recognised principles of law, fairness and justice;
- the impossibility of opting out from the right of appeal to the courts in the arbitration clause of international marine, insurance and commodity contracts and any domestic contracts;
- the possibility of leaving to the very end of the proceedings objections to the arbitrator's jurisdiction.

The model law, now widely followed in Commonwealth countries, provides in Article 28(3) that parties may authorise the arbitral tribunal to act as mediator or to make an award according to what appears to him to be fair and just. It is a pity that the advisory committee reached the conclusion that this should not be followed.

While in German courts it is a duty of the judge to attempt settlement before the opening of the trial or during the trial, in England mediation cannot be part of the judicial process and some experts hold that an arbitrator disqualifies himself by an attempt to mediate between the parties.

Such a narrow concept of arbitration makes it confrontational, lawyer-dominated, slow and costly. It is hardly surprising that special agencies offering alternative methods of dispute resolution – mediation, mini-trial, for example – are now mushrooming on both sides of the Atlantic.

Unless existing rules are relaxed, English arbitration is bound to loose a good deal of work to alternative dispute resolution at home or to foreign arbitration. Non-legalistic solution of business disputes is already common practice in Japan and China and other emerging markets of south-east Asia.

The greatest objection to current English arbitration legislation – and one most loudly voiced at international conferences – is the possibility of appealing to the courts against the arbitral award on issues of law.

The 'escape by appeal' deprives the award of its finality; worse, a rich party, or one backed by an insurance company or a ship-owners' club, can force its opponent to give up by a mere threat of taking the dispute to the High Court and from there possibly to the Appeal Court or even the House of Lords. This is, of course, a mockery of the original purpose of arbitration.

It is regrettable that the bill proposes to uphold the present rule that allows parties to exclude such appeal in their arbitration clause only in international disputes and only if it is not a marine, insurance or commodity case. In such international disputes, and in all domestic disputes, such exclusion of appeal is allowed only after the proceedings start.

Finally, Section 3(1) of the bill would retain the present rule which enables parties to raise jurisdictional objections at any time, even after the award was made. A defeated party can try to challenge an unfavourable award, or at least delay its enforcement, by claiming that the arbitrator had no jurisdiction. In contrast, the model law provides in Article 16(2) that jurisdictional objections may be raised only at the outset of arbitration.

This seems perfectly reasonable, but the consultative document states that it cannot be done in England. This is backward looking and loses sight of the much-needed deregulation.

DTI: A Consultative Paper on Draft Clauses and Schedules of an Arbitration Bill, February 1994. Copies may be obtained from, and comments should be addressed to, Maureen Dodsworth, Room G21, 10/18 Victoria Street, London SW1.

The author is senior research fellow in international trade law at Queen Mary and Westfield College, University of London.

LEGAL BRIEFS



Spate of actions against City law firms

A spate of legal actions against City law firms has raised fears that the US trend towards suing lawyers and accountants – as the best available source of compensatory damages when deals go wrong – is about to cross the Atlantic.

Yeoman International, an Irish leasing company, has settled its £115m action against Linklaters & Paines and merchant bank S G Warburg arising out of the offers made by Yeoman for CLF Holdings, a British leasing company, in December 1988. Linklaters says it did not pay any money to either Warburg or Yeoman in settlement.

Barclays de Zoete Wedd has issued a writ against Clifford Chance alleging negligence on a deal involving the failed financial conglomerate, British & Commonwealth Holdings; and Simmons & Simmons is being sued for £50m by Banque Bruxelles Lambert for alleged negligence in the handling of a property deal.

And although no writs have been issued, Allen & Overy and Clifford Chance are believed to be footing the bills for investigations by Freshfields and Lovell White Durrant into advice given by the firms to the troubled Queens Moat Houses hotels group. The problem came to light when Allen & Overy realised it had made an error in interpreting QMH's articles of association in 1993 and that Clifford Chance may have made the same error in 1989.

New partners

Clifford Chance has elected two US lawyers to its partnership in New York – Kevin Kelley, formerly with Sullivan & Cromwell, and Richard Kosnik, an associate director at the US Securities and Exchange Commission. The firm says its appointment recognises the increasingly global nature of debt and equity offerings.



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FT CONFERENCES

COMMERCIAL AVIATION IN THE ASIA-PACIFIC REGION
Singapore, 20 & 21 February 1994
This biennial meeting, timed to coincide with the Asian Aerospace & Defence Technology Exhibition, will examine the rapid growth of commercial aviation in the Asia-Pacific region and consider the impact of this expansion on the demand for new airliners, additional airports and improved infrastructure. Speakers include: Dr Cheong Choong Kong, Singapore Airlines; Pham Vu Hien, Civil Aviation Administration of Vietnam; Dato' Kamaruddin Ahmad, Malaysia Airlines; Leonard Singer, Citibank and David Scowsill, British Airways.

LONDON MOTOR CONFERENCE
London, 21 February 1994
The ninth in a highly successful series, the conference will discuss issues of concern for European motor manufacturers and component suppliers, review developments in vehicle retailing and distribution. Speakers include: Sir David Lees, GKN; John Towers, Rover Group; Iain Jane, Cowie Motor Holdings and John Lindquist, The Boston Consulting Group.

ASIA-PACIFIC TELECOMMUNICATIONS - A MAGNET FOR FOREIGN INVESTMENT
Hong Kong, 28 February & 1 March 1994
An international panel of experts will focus on the remarkable changes within telecommunications and discuss the important investment opportunities developing in the region as a result. Speakers include: Alex Arena, Office of the Telecommunications Authority, Hong Kong; Simeon Kintanar, Telecommunications Commissioner, The Philippines; Fred Salerno, Nynex; James Ross, Cable and Wireless; Hiroshi Ichihara, KDD and Robin Davey, AUSTEL.

EUROPEAN WATER INDUSTRY
London, 14 & 15 March 1994
The conference will discuss the impact of EC legislation on the water industry in Europe and consider how governments and companies are responding to the increasing demand for greater environmental protection. Speakers include: Tom Garvey, DGXI, Commission of the European Communities; Ian Byatt, Office of Water Services; Francisco Gil Garcia, Spanish Ministry of Public Works, Transport and the Environment; Roderick Paul, Severn Trent and David Barclay, NatWest Markets.

DOING BUSINESS WITH POLAND
Warsaw 22 & 23 March 1994
This high-level forum will provide an opportunity to review and assess the policies of the new Polish government, the implications for the banking sector of a debt restructuring deal, and the opportunities and challenges of investing in Poland. Speakers include: Mr Waldamar Powlak, Prime Minister of the Republic of Poland, Mrs Hanna Gronkiewicz-Waltz, President, Narodowy Bank Polski, Dr Eberhard von Koerber of ABB Asea Brown Boveri and Mr Ian Hume of The World Bank Poland.

WORLD PHARMACEUTICALS CONFERENCE
London, 23 & 24 March 1994
This topical conference, arranged jointly with Coopers & Lybrand, will examine how the pharmaceutical industry is adapting to the changing healthcare environment, as governments around the world are introducing programmes of reform and attempting to contain costs. Speakers include: Hon Toby Moffett, Strategic Policy Inc; Professor Dr Jürgen Drews, Hoffmann-La Roche; Dr Hideo Shinozaki, Ministry of Health and Welfare, Japan; David Anstice, Merck Human Health Division; Kunio Takeda, Takeda Chemical Industries and Thomas Moore, The Procter & Gamble Company.

FT-CITY COURSE
London, 5 April -23 May
The object of this Course is to give an overview of all the workings of the City, paying particular attention to the banking and securities markets. Opportunities for discussion and interaction with the lecturers are provided.

ASIAN ELECTRICITY
Hong Kong, 26 & 27 April 1994
The third FT Asian power summit will review electricity developments and requirements in the Asia-Pacific region. Restructuring, joint ventures, project financing and business opportunities will also be discussed. Speakers include: Ross Sayers, China Light & Power Company; Gordon Wu, Hopewell Holdings; Ross Bunyon; Pacific Power; David Weaver, Mission Energy Asia and Viroj Nopkhun, Electricity Generating Authority of Thailand.

ASIAN CAPITAL MARKETS
London, 28 & 29 April 1994
This timely conference will review emerging opportunities for capital market investments in key markets in the region. The practical issues relating to settlements, tax and risk management will also be addressed. Speakers include: Mr Francis Leung, Peregrine Investments Holdings Limited; Mr Satish Jha, Asian Development Bank; Dr Mark Mobius, Templeton Investment Management (Hong Kong) Ltd.

All enquiries should be addressed to : Financial Times Conference PO Box 3651, London SW12 8PH, UK. Tel: 081-673 9000, Fax: 081-673 1335.

PEOPLE

All change at Woolworths as Barnes departs

Woolworths' managing director Mair Barnes, one of the UK's most successful female executives and a former Business Woman of the Year, has surprised the retail world by resigning "for personal reasons".

Woolworths' parent Kingfisher refuses to comment on the reasons for the departure of Barnes - who had been tipped in the past as a possible successor to group chairman Sir Geoff Mulcahy . She will be replaced by Jonathan Weeks, currently strategy and business development director.

Barnes, 48, started out as a graduate trainee at Harrods before becoming the House of Fraser's first woman store manager at Howells of Cardiff. She joined Woolworths, part of the Kingfisher group, in 1985, initially as merchandise director.

Later, when she told Mulcahy that she was not happy with Woolworths' direction, she found he agreed and made her managing director of the operation - just two years after she had joined the group.

She then proceeded to turn a £5m loss into a £45m profit within four years through cutting Woolworths' range and building its strength in children's clothes, sweets, toys, videos and CDs. She transformed what had been seen as a dinosaur of the high street into a success story, and was well-rewarded. A survey last year identified her as one of the UK's 50 best-paid women.

The improvement continued through to last year, when operating profits for the year to January 30 reached a record £77.8m, on sales of £1.2bn. However, since Kingfisher appointed former Marks and Spencer stores director Alan Smith as group chief executive last year, Smith has shown a particular interest in the Woolworths chain, and is expected to announce new initiatives to ensure the chain's continuing success.

He has also shaken up Woolworths' management, bringing in Bharat Patel from Tesco as finance director, and has just appointed Saeed Hatteea, presently with Marks and Spencer, as merchandise director.

Barnes' replacement Jonathan Weeks joined Woolworths in 1984 as director of distribution, and later became operations director. He was appointed MD of Entertainment UK in 1989, and became a member of Kingfisher's management committee in 1992. He is said to have particular expertise in the operations, distribution and supply chain side of the business.

Before joining Kingfisher group, Weeks was managing director of SPD, the distribution subsidiary of Unilever, and previously worked at Hoover, Black & Decker and Bass.

Finance moves

■ **Roger Barton**, managing director of business development at the London International Financial Futures and Options Exchange, yesterday announced he will be leaving LIFFE in the near future. The date of his departure has not yet been set.

"I decided that, after an enjoyable career at LIFFE, I needed to move on to a fresh start," 39-year-old Barton said. He explained that he intended to find a related position in the securities industry, before adding that "there's nothing quite like LIFFE."

Barton has been with the exchange for twelve years, masterminding the launch of several of its products, including the Euroswiss futures contract, the BTP futures and option contract, the Eurolira future and the Ecu future.

His position will not be filled directly, but his areas of responsibility will be divided among members of the business development department, said Daniel Hodson, LIFFE's chief executive.

Philip Bruce will be put in charge of strategic business development, while Ralf Herklotz will be responsible for developing interest rate products. Karin Forseke will remain in charge of equity products, he said.

■ In recent months, Birmingham Midshires, the UK's 13th largest society, has been notable for acquiring mortgage books to boost its assets. Now it has acquired a full-time corporate development director to take on this work.

Stephen Bright, the society's finance director, has been appointed to a new position of corporate development director, though he will continue in post until a successor is appointed, probably within the next few months.

Birmingham Midshires currently has assets of over £4bn, and aims to increase them to over £5bn by the end of the year.

Bright, 44, has been finance director for almost 10 years since he moved to the society from a background in stockbroking and management consultancy.

He sees his priorities both as identifying new mortgage books for the society to buy, and talking to other societies with a view to merging.

"The business now is about building a customer base and keeping it, not about acquiring assets willy-nilly," he continues.

■ **Trevor Cass** has been appointed to the new position of chief operating officer at BZW Futures, a division of BARCLAYS BANK. He last job was as divisional managing director of the markets division of BZW.

■ **Mike Hutchins**, formerly local director in Leeds for The ROYAL BANK OF SCOTLAND, has been appointed director, North of England and Midlands.

■ **Simon Ball** has been appointed head of finance for investment banking and finance director of KLEINWORT BENSON; Simon Mould has been appointed finance director of Kleinwort Benson Securities.

Rentokil phones the lawyers again



Henry King, 57, (right) who took over as chairman of City lawyers Denton Hall in November, is following in the footsteps of one of his predecessors and taking on the chairmanship of one of his firm's bigger clients. He will become non-executive chairman of Rentokil, the environmental and property services group, when David Newbigging steps down in May.

King, who joined Denton Hall in 1961 as an articled clerk, has been a non-executive director of Rentokil since 1985. He is also a director of City Centre Restaurants and Brambles Investments. Clive Thompson, Rentokil's chief executive, said that the board had felt it was preferable to appoint a chairman from one its own members rather than hire headhunters to bring in an outsider.

King is not as well known outside the City as David Newbigging, 60, a former chairman of Jardine Matheson, who is retiring from the Rentokil board after seven years as chairman. However, King does know the company well. His firm of Denton Hall & Burgin was Rentokil's solicitors when it was floated on the stock market in 1969 and Pat Burgin, one of King's former colleagues, was chairman at the time of flotation.

King says that the fact that Rentokil has drawn two of its chairmen from the same law firm was a coincidence. Denton Hall is not Rentokil's sole law firm and King says that one of his own inviolable rules is that he never gets involved in giving legal advice to clients "where I sit on the board".

■ **Sue Hope** has been promoted to, and **Steven Esom** appointed, buying & merchandising directors of Texas Homecare; he moves from J Sainsbury.

■ **Philip Downer**, former personnel and communications director at Our Price, has been appointed vice-president, general manager of Waterstone's US operations, part of WH SMITH.

■ **Michael Snapes**, former md of Coral Holdings, part of Bass, has been appointed chief executive of THOMAS FRENCH; Jeremy French has split his role and remains executive chairman.

Women of importance

It is, perhaps, invidious today to lay too much stress on what should be unremarkable, but so often the most interesting of current work is by women.

Sandra Blow, if it is not ungallant to say so, is now nearer 70 than 60. She has been an ornament of the Royal Academy's Summer Show for more than 20 years, and her work is widely represented in public collections. And yet to look back over her career is to find not a steadily cumulative celebration of her achievement but only a list of mixed and survey shows here, a handful of solo shows there.

***William Packer** admires the work of Sandra Blow, Emma Sergeant and Sophie Macpherson*

She was a bright and rising star of the 1950s, showing regularly at Gimpel Fils and, into the 1970s, at the New Art Centre, all set to shine along with such as Gillian Ayres and Bridget Riley, a rare female in the then male firmament of abstract painting. But somehow it never quite happened. If each of those women painters has suffered a career of periodic shadow and eclipse, for Sandra Blow the shadows have been the deepest, and the longest-lasting.

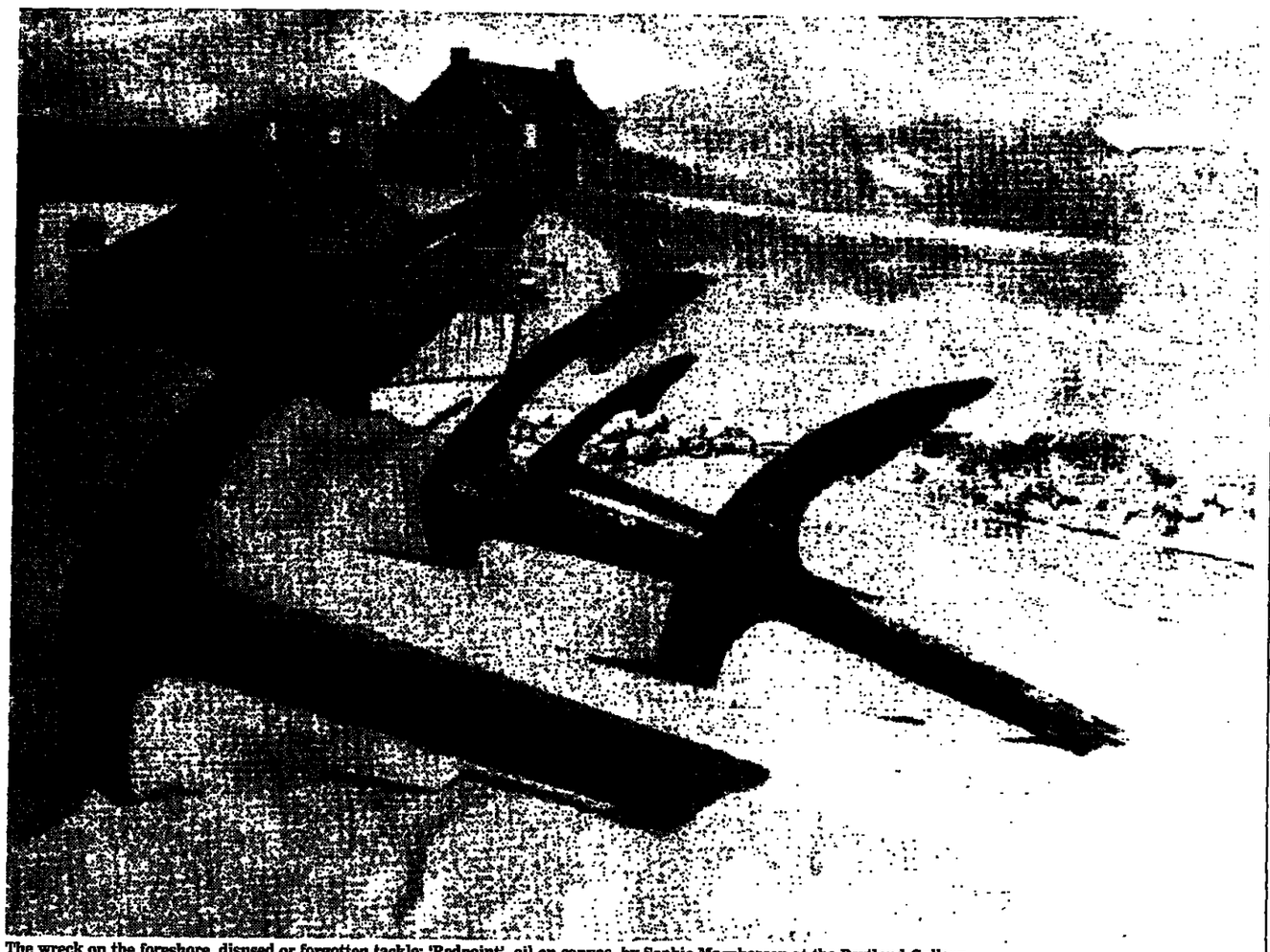
Was it her association with the Academy itself that was the mistake? Certainly the free-for-all of the Summer Show is not the easiest of contexts for work such as hers, with its generous, environmental scope. But then it was the Academy that gave her, in 1979, her one proper show in 20 years, until Francis Graham-Dixon brought her forward again in 1991. And now again it is the Royal Academy that is giving her at last her due and proper retrospective, filling the splendid Sackler Galleries with light and colour.

In the 1950s she saw at first hand, in all its shock and excitement, the assault upon European sensibilities of the American abstract expressionists, Pollock, Rothko, Kline and all. From their example came the amplified scale of her work, its light and open surface and space generated by clear, pure colour. These, however, are technical considerations. She remains as ever European at heart, associative, romantic and intuitive in her approach.

She worked closely with the Italian painter, Alberto Burri, in the 1950s, from whom she took the practice, which she still employs, of working up the surface, often quite densely, with collage, *matiere* and appliqué. But she spent time too at St Ives, with Roger Hilton especially, whose graphic gestural freedom is still characteristic of her work. She was never truly a member of the Cornish School, but alway a loose associate.

To dwell on influences here is no disparagement, for Sandra Blow has never been anything but true to herself. The great thing in this exhibition is indeed to see how strongly personal those works of the 1950s and early '60s now seem, all whites and greys, blacks and ochres, plaster, sawdust and sacking. They are very beautiful and have been unjustly overlooked for far too long.

But the greater surprise of the show is the group of huge canvases that mark Miss Blow's extraordinary creative achievement of the past year or two. After those early works, and the calmer formal engagement of the middle years, we come to paintings that are astonishing in their confidence and authority, so deceptively simple in their imagery, so certain in their articulation, with the broadest sweep of pigment held just so by the particular accent of colour, pitched to a nicety. Here is an artist at last resolved in her work, come into her own.



The wreck on the foreshore, disused or forgotten tackle: 'Redpoint', oil on canvas, by Sophie Macpherson at the Portland Gallery

Emma Sergeant, still in her 30s, has a long way to go before she resolves the problems she sets herself, but she does not flinch from the grand scale and the great theme, which ambition, of itself, is admirable.

But she deserves rather more than a mere pat on the head for trying hard. She has taken the story of Orpheus and Eurydice as her subject, which she treats for the moment in terms of life-size figures painted in isolation within an empty and portentous stage-like space, with but a hint of a world beyond.

So far so good, and the figure painting alone is remarkable in its accomplishment. It is only the theatricality of the setting that is occasionally obtrusive and self-conscious, with diptychs and triptychs set up for the sake of it. The simpler these compositions, the better they are and, with only a few days left on show, well worth the seeing.

Sophie Macpherson, also in her 30s, is no less ambitious but less conspicuously so. Her subject is the industrial relic left ambiguously in the landscape, the boiler in the scrapyard, the wreck on the foreshore, disused or forgotten tackle and trim. Hers is the romantic surrealism of the megaliths and fallen trees of Paul Nash, but more quietly and discreetly so, and more dispassionately seen. Her work gets more confident with every show.

Sandra Blow: Royal Academy, Piccadilly W1, until March 3; sponsored by Silhouette Eyewear Minimal Art Collection, Harpers & Queen. Emma Sergeant: *Orpheus on the Underworld*; Agnew's, 43 Old Bond Street W1, until February 18. Sophie Macpherson: Portland Gallery, 8 Bury Street, SW1, until February 25.

The Royal Academy plans a feast of Old Masters

The Royal Academy is getting back to basics with a vengeance; its 1994-95 programme, announced yesterday, is a feast of Old Master art.

It starts in March with Goya, concentrating on his small paintings; picks up steam in September with a major exhibition of 18th century Venetian art, packed with Tiepolos, Canalettos, Guardis and Canovas, and continues a month later with *The Painted Page*, illustrations from Italian Renaissance books and manuscripts; and reaches its apogee next January with the first major Poussin show for decades, with over 90 paintings by the 17th century French artist.

Tucked in between are displays of art from late 19th century Belgium; the Summer Show; and in February 1995 an architectural exhibition devoted to Lord Burlington and the Palladian style.

It is chance rather than design which has eliminated the modern from the programme. The RA is on a something of a high at the moment, with a small, but unexpected, £150,000 surplus on its 1993-94 operations. But it is finding it harder to get sponsors, and even the Goya show lacks a backer. Its corporate membership has fallen from 161 to 141 but this shortfall has been made good by signing up 5,000 more Friends. With 68,000 in the club the RA is third in the world, (behind the Los Angeles County Museum and the Metropolitan Museum, New York), in the size of its Friends organisation.

The recession also hit the Summer Show, with visitors down 10 per cent at 135,501, and the value of art sold, at £1m, is nearly 50 per cent lower than the 1990 peak.

Antony Thorncroft

Orchestra set to 'enlighten' Europe

Perhaps it looks like an Anglo-Dutch merger designed to conquer the market. This week the Orchestra of the Age of Enlightenment sets out on a two-week European tour. A brisk itinerary will take it through Germany, France, Italy and Austria, where period performances of Mozart and Beethoven symphonies are the exception rather than the norm. In Austria and Germany especially, the traditional symphony orchestras guard the music of the classical era jealously, no doubt unwilling to let such a popular part of the repertoire slip from their grasp.

They still have to face the real challenge – namely, that it is period-instrument orchestras these days which are giving the performances of classical music that are alive, exciting and important. Part of the reason is that they have attracted the most interesting conductors. The OAE has Simon Rattle and Frans Brüggen as its Principal Guest Conductors (a good example of Anglo-Dutch collaboration) which serves to underline the point.

Rattle is in charge of this tour and his preliminary pair of concerts at the Queen Elizabeth Hall in London at the weekend gave a good idea of the vibrant musicianship that is about to set off across the Channel. One of the ironies of "authentic" performances is that they are faster and tougher than standard symphony orchestras used to be, not dainty minuetting in period costume at all.

Nothing could be further from the world of powdered wigs than the Minuet of Mozart's Symphony No 40 as it was played here, thrusting forwards with a ferocious determination, as though intent on sweeping the other couples from the dancing-floor. With the four double-basses on a raised platform, the colour of the symphony was darkened ominously. The night before Haydn's Symphony No 90 had conversely kept to light-hearted fun (naughty Rattle to overplay the surprise ending so flagrantly!).

It is strange how self-conscious details of interpretation stick out so in period performances (Rattle is fond of making answering phrases first loud, then soft, which becomes very predictable) but the overall impression of these concerts was of music-making full of life. Schubert's Ninth Symphony was bracing, alert, unexaggerated. Beethoven's "Pastoral" Symphony had a sunny warmth and spontaneity. The peasants' dance was marvellously vigorous. Klemperer would have stood gasping for breath on the sidelines.

Richard Fairman

European tour sponsored by Goldman Sachs

Music on the South Bank/**David Murray**

Played in the right spirit

Arriving at the Queen Elizabeth Hall on Saturday, one expected that Olga Borodina's lovely, lustrous mezzo would have drawn as many voice-lovers as the hall could hold. Not so: greatly appreciative though her listeners were, they filled only half the seats. Does that show that audiences at the Royal Opera, where she triumphed as Dalila in 1992, disdain mere songs?

Here, with her accompanist Larissa Gergieva she offered a baker's dozen of Rakhmaninov songs and then a curious pairing of Shostakovich's op. 100, six Spanish pastiches, with Falla's artful but deeply authentic Seven Popular Spanish Songs. From her first notes in Rakhmaninov it was plain that she was in golden, generous, wonderfully easy form – though most of the composer's chosen texts carry heartache to the point caricature.

Borodina fathomed their (slightly) varied sentiments with natural sympathy and spelled them out in glowing lines, with rich, solidly idiomatic support from Gergieva's Bösendorfer. More contrasts in weight and pace would have been welcome: left to her own instincts, this singer likes to be relaxed and unhurried, and some sameness began to be felt. Shostakovich's odd but lively op. 100 set (on "Spanish" vignettes by a pair of Russian poets) enforced more variety.

We heard no hint of affectionate mockery, however, only simple affection; some of the piano-writing can reveal more of a sardonic glint than the efficient Gergieva let it do. In the evergreen Falla sequence, she was out of her depth. The final "Polo" is a brute of a piece with its furious flamenco effects, and here it sounded like forced labour. At least Borodina found the right spirit for almost every song, if in some Martian dialect of Spanish.

On Sunday the Royal Festival Hall was packed for the first of three Philharmonia concerts with James Levine as conductor. A short series, but imposing, with the Mahler Third to come on Wednesday, and Berlioz's *Damnation of Faust* on Saturday; this opening programme comprised Beethoven's "Eroica" Symphony and his Piano Concerto no. 4, with Murray Perahia as soloist.

Perahia delivered the concerto with his usual unforced grace. It was as rewarding as it was captivating to hear, and Levine accommodated him with his usual professionalism. Perhaps the orchestral exposition built up a head of steam that the pianist would have to tamp down later, gently but firmly; and Levine made the string-statements at the start of the Andante strangely dry, bitten off note-by-note – a conception that had little to do with Perahia's reading.

Those slight mismatches did no real injury to a beautiful performance. We were subliminally aware that Levine was drawing an unfamiliar hard-edged sound from the Philharmonia, especially from its strings – very tight and sharply focussed. That sound came into its own in Levine's "Eroica". The whole symphony was lean, swift, charged with determined purpose; the performance was at the furthest extreme from the old Viennese ideal of majestic, well-upholstered weight and ruminative depths.

While it lasted, it gripped one's attention unrelentingly. It had been superbly rehearsed: the orchestral counterpoint was absolutely lucid, with lower voices striking pointfully through in places where usually we barely notice them.

"Expansive" Levine was certainly not, still less indulgent. Committed admirers of, say, Fürtwangler, will not have been converted; to them, it may have seemed a heartless, machine-tooled reading. I found it unexpectedly bracing.

The London Sinfonietta explores 'Living Toys'

Every year at about this time the London Sinfonietta mounts one of its "Explorations": a collaboration with London schoolchildren in the form of an educational project with composers whose works are then exposed in a concert. On Friday the Barbican Hall stalls were pleasantly packed with the young people who over the past few weeks had been working with Thomas Adès and Robert Zuidam, two of the evening's four featured composers (Osvaldo Golijov and Julian Anderson the other two).

The event itself, conducted by Oliver Knussen, was rather milder and more diffuse than the orchestra's self-advertisement suggested it would be. (It was made even longer by the last-minute addition of *Chain 1*, a memorial tribute to Witold Lutoslawski, who died last week and who was one of the Sinfonietta's household gods.)

Most of the works lacked, in a word, *necessity*, that sense of artistic pressure – as distinct from intelligent calculation or even interesting sound-combination – forcing them into existence. The shining exception to this rule was the final item, *Living Toys* by Adès, a young (b. 1971) Englishman whose recent rise to prominence seems on this evidence entirely justified.

The 17-minute piece for chamber orchestra, in spite of being decked in a tortuous programme-note, proved a quirky, radical and also an utterly fascinating explosion of ideas and sounds, drawn together with toughness, wit and personal accent. Divided by Adès's (incomprehensible) scenario into differently-paced linked movements, it gave the impression of a Ravelian toybox fantasia laced with infusions of strong Spanish flavouring and stiffened with Birtwistle-like dialectic.

Unlike almost everything else on the bill – apart from Lutoslawski's wonderfully elegant invention – *Living Toys* suggested that a second hearing would be not only desirable but positively necessary.

Max Loppert

INTERNATIONAL ARTS GUIDE

■ AMSTERDAM

Concertgebouw Tonight: Lev Markiz conducts Nieuw Sinfonietta Amsterdam in works by Webern, Janssen and Mahler. Tomorrow, Thurs (plus free preview concert tomorrow lunchtime): Riccardo Chailly conducts Royal Concertgebouw Orchestra in Mozart and Ravel, with piano soloist Maria Joao Pires. Sat afternoon: Hans Zender conducts Radio Chamber Orchestra in Dallapiccola, Beethoven, Debussy and Schumann. Sat evening: Elly Ameling song recital. Feb 23, 24, 25: Giulini conducts Ravel and Debussy (020-671 8345)

Muziektheater Tonight, Fri, next Mon and Thurs: Hartmut Haenchen conducts Willy Decker's production of Wozzeck. Tomorrow, Thurs, Sat, Sun (in repertory till March 2): Dutch National Ballet in choreographies by Petipa, Tetley and Massine (020-625 5455)

■ ANTWERP

deSingel Tonight: Christian Zacharias is soloist in the last of three concerts focusing on Beethoven's Piano Concertos. Tomorrow, Thurs: Toneel Theatre Group of Amsterdam in Shakespeare's Richard III. Fri: Steve Lacy, jazz saxophonist. Sat: Antonio Pappano conducts Orchestra and Chorus of the Brussels Monnaie in concert performance of Verdi's Otello, with cast headed by Giuseppe Giacomini, Gregory Yurisich and Charlotte Margiono (03-248 3800)

■ BRUSSELS

Lunatheater Tonight, Thurs, Sat: Anne Manson conducts Missa e Combattimento, Judith Weir's adaptation of Monteverdi (02-218 1211)

Palais des Beaux Arts Tomorrow: Olaf Bär song recital. Fri: Max Pommer conducts Luxembourg Radio Orchestra in works by Weber, Mendelssohn and Beethoven, with violin soloist François-Joel Thiollier. Next Mon: Osmo Vänskä conducts Belgian National Orchestra in Weber, Mozart and Haydn, with piano soloist Peter Jablonski (02-507 8200)

■ CHICAGO

● This week's Chicago Symphony Orchestra concerts are conducted by Daniel Barenboim. Radu Lupu is soloist in tonight's Beethoven and Schoenberg programme. On Thurs, Fri afternoon and Sat, the programme includes Bruckner's Mass No 2. Mariss Jansons conducts next week's concerts (312-435 6666)

● The final week of Chicago Lyric Opera's season features the Barenboim-Chéreau production of Wozzeck tomorrow and Sat, Tosca on Fri and La traviata on Sun afternoon (312-332 2244)

■ GENEVA

Grand Théâtre Tonight, Fri: Friedemann Layer conducts Johannes Schaaf's staging of Fidelio, with cast led by Catherine Malfitano (022-311 2311)

Victoria Hall Tomorrow: David Zinman conducts Orchestre de la Suisse Romande in works by Ravel, Saint-Saens and Rakhmaninov (022-311 2511). Thurs: Dennis Russell Davies conducts Bonn Beethovenhalle Orchestra in Wagner, Schnittke and Beethoven, with viola soloist Kim Kashkashian (022-310 9193)

Comédie Gogol's The Marriage, directed by Felix Prader, daily till Sat (022-320 5001)

■ GHENT

de Vlaamse Opera Fri: Evelino Pido conducts revival of Guy Joosten's production of La Cenerentola, with Alison Browner as Angelina. Repeated Feb 20, 22, 24 and 25 (091-225 2425)

■ UTRECHT

Vredenburg Tomorrow: Anatol Ugorski piano recital. Thurs: Jean-Bernard Pommier conducts Hague Philharmonic Orchestra in works by Beethoven and Bruckner, with piano soloist Blanca Uribe. Fri: Hans Zender conducts Radio Chamber Orchestra in Dallapiccola, Beethoven, Debussy and Schumann. Sat: Swingle Singers (030-314544)

■ VIENNA

OPERA

Staatsoper Tonight, Fri: Arabella with Nancy Gustafson and Wolfgang Brendel. Tomorrow: L'elisir d'amore with Alfredo Kraus. Thurs, Sat: Giselle. Sun: Lucia di Lammermoor with Edita Gruberova (repeated Feb 24, 28). Next Mon: Ariadne auf Naxos (51444 2955)

Volksoper Tomorrow: The Makropoulos Case with Anja Silja. Feb 25: first night of new production of Bizet's Pearl Fishers (51444 2959)

Kammeroper Austrian premiere of Massenet's Chérubin, till Feb 26 (513 6072)

CONCERTS

Musikverein Tomorrow, Fri, Sat: Horst Stein conducts Vienna Symphony Orchestra in works by Beethoven and Bruckner, with piano soloist Rudolf Buchbinder. Sun afternoon, next Mon evening: Klaus Weise conducts Tonkünstler Orchestra in Rossini, Mozart and Mendelssohn, with piano soloist Stefan Vladar. Sun evening: Nikolaus Harnoncourt conducts Concentus Musicus Wien in the first programme of a Haydn Festival running till March 4. Feb 23: Gidon Kremer and Martha Argerich. Feb 25, 26: Riccardo Muti conducts Vienna Philharmonic (505 8190)

Konzerthaus Fri: Pinchas Steinberg conducts Austrian Radio Symphony Orchestra and Arnold Schoenberg Chorus in concert performance of Ambroise Thomas' Hamlet, with Boje Skovhus in title role. Sat evening, Sun morning: Simon Rattle conducts Orchestra of Age of Enlightenment in two programmes of Viennese classics (712 1211)

■ WASHINGTON

MUSIC/DANCE

● Isaac Stern, Jaime Laredo, Yo Yo Ma and Emanuel Ax play piano quartets by Mozart, Fauré and Dvorak tomorrow at Kennedy Center Concert Hall. Paul Badura-Skoda gives a piano recital on Thurs in Terrace Theater (202-467 4600)

● Washington Ballet presents a mixed bill at Eisenhower Theater on tomorrow, Thurs and Fri, featuring choreographies by Balanchine, Choo-San Goh and Graham Lustig. Feb 22-26: Paul Taylor Dance Company (202-467 4600)

● Eduardo Mata conducts Baltimore Symphony Orchestra in works by Dvorak, Schumann and Bartok on Thurs, Fri and Sat at Baltimore's Joseph Meyerhoff Symphony Hall (410-783 8000)

THEATRE

● Shakespeare for My Father: Lynn Redgrave's solo show in which she uses the Bard to better understand her father. Till Feb 27 at Ford's Theater (202-347 4833)

● Raft of the Medusa: Joseph Pintauro's poignant and powerful play about an Aids support group who discover their differences in an explosive way. In repertory at Signature Theater till March 4 with Vera, Roland Reed's play about a woman who fights for equality and a new life (703-820 9771)

● Goodnight Desdemona: a hilarious retake of Othello and Romeo and Juliet, written by Ann-Marie MacDonald. Till Feb 27 at Woolly Mammoth Theater (202-393 3939)

● A Midsummer Night's Dream: Richard Mancini directs a Washington Shakespeare Company production. Till March 5 at Gunston Arts Center (703-739 9886)

● Grease: the rock and roll musical comedy celebrating the Fifties, directed by Tommy Tune. Opens tonight at National Theater (202-628 6161)

■ ZURICH

Opernhaus Tomorrow: Nikolaus Harnoncourt conducts Jürgen Flimm's new production of Handel's Alcina, with cast including Eva Mei and Rodney Gilfry. Fri: Il barbiere di Siviglia. Sat: Die Zauberflöte. Sun: first night of new ballet mixed bill featuring choreographies by Ek, Van Manen and Bienert, conducted by Nicholas Cleobury. Next Mon: Marjana Lipovsek song recital. Next Tues: La boheme with Katia Ricciarelli. Feb 26, March 3, 6: Le nozze di Figaro with Ruggero Raimondi (01-262 0909)

Tonhalle Tomorrow: Dennis Russell Davies conducts Bonn Beethovenhalle Orchestra in works by Wagner, Schnittke and Beethoven. Fri: André Watts piano recital. Sun: Edmond de Stoutz conducts Zurich Chamber Orchestra in an all-Mozart programme, with instrumental soloists Irena Grafenauer and Maria Graf (01-261 1600)

Theaterhaus Gessnerallee Fri: first night of Peter Brook's English-language production of The Man Who, based on the book by neurologist Oliver Sacks. Daily except Mon till Feb 26 (01-221 2283)

ARTS GUIDE

Monday: Berlin, New York and Paris.
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NBC/Super Channel: FT Reports 1230.

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WEDNESDAY
NBC/Super Channel: FT Reports 1230

FRIDAY
NBC/Super Channel: FT Reports 1230
Sky News: FT Reports 0230, 2030

SUNDAY
NBC/Super Channel: FT Reports 2230
Sky News: FT Reports 0430, 1730.

Gremlin in the gearbox

Leyla Boulton on uncertainty for Russia's largest carmaker



Flex

Stalled: low productivity is typical of carmakers in Russian

When Mr Victor Chernomyrdin, the Russian prime minister, recently announced he would "correct" economic reforms to help "factories which are now standing idle", he might have had in his mind Avtovaz, Russia's largest car producer.

The maker of Lada cars shut down its sprawling plant because of a shortage of raw materials and components, and sent most of its 102,000 workers on part-paid leave, for the whole of January.

Traditionally considered a jewel in the crown of Russian industry, Avtovaz, which has 75 per cent of Russia's car market and exports 40 per cent of its output for hard currency, had incurred difficulties in adjusting to market reforms.

The problems were common to most Russian manufacturers: low productivity; a refusal by companies to pay their debts to each other in the hope the government would step in to help them; and a lack of capitalist institutions such as banks that would enable companies to supply goods without demanding upfront payments.

Two weeks ago, however, the Avtovaz plant ended its stoppage without Mr Chernomyrdin's help. It used export revenues to repay its debts to domestic suppliers, who had stopped deliveries until they were paid, and used the shutdown as a chance to re-equip its production lines for a new model it plans to launch at the end of this year.

Avtovaz managers, with their long experience of international markets, have in fact been more energetic than those in many other companies in responding to the challenges of the radical reforms now being ditched by Mr Chernomyrdin.

In January Avtovaz signed a memorandum of understanding with General Motors of the US to explore setting up an assembly plant to produce Opel Astras in its home town of Togliatti, south of Moscow. The plant would provide western production expertise, create up to 60,000 jobs, and help ensure a higher-quality product than Avtovaz has achieved to date.

For GM, which already had a $750m contract to supply Avtovaz with more environmentally-friendly fuel-injection systems, the main attraction of a partnership with the Russian carmaker would be easier access to a potential consumer market of 150m people. "We recognise the high potential of the Russian market," says Mr Leo Kalageorgi, GM's liaison manager for relations with Avtovaz. "But we're also aware of the risk."

In an ambitious step to win the confidence of international capital markets, Avtovaz has also hired accountants Price Waterhouse to train staff and help produce financial reports which correspond to international standards.

Avtovaz is aware that it needs restructuring to make it competitive in world markets once it loses the advantage of Russia's lower production costs: energy prices, for instance, are fast approaching world levels. Productivity at Avtovaz, which makes 670,000 cars a year, is reckoned to be significantly lower than for western counterparts.

Avtovaz is keen to take advantage of the respite it is currently enjoying – as a result of prohibitive import tariffs – from competition in its domestic market. A Fiat Uno, for instance, costs $16,000 after Russian import taxes, compared with $9,000 for a Lada.

But Avtovaz is worried by Mr Chernomyrdin's announcement that he plans to use "non-monetary" means to fight inflation – a move regarded as departing from the tough fiscal and monetary policies of Russia's radical reformers.

Mr Nikolai Lyachenkov, Avtovaz's vice-president, says: "You can't stop inflation with political declarations."

Inflation, currently about 20 per cent a month, is seen as the company's biggest enemy because it discourages investment, and destroys the value of its own working capital as well as the savings of Avtovaz's potential customers.

It was only the financial squeeze maintained by the government last year which forced Avtovaz to realise that it had to dig into its hard currency revenues to pay off its suppliers. Similarly, suppliers were pushed into stopping deliveries to Avtovaz once it became clear the government would not step in to pay company debts as it had in 1992, when Mr Victor Gerashchenko, the central bank chairman, wrote off the outstanding debts of all Russian companies.

Yet financial discipline alone will succeed in turning around companies such as Avtovaz. The government has yet to implement the industrial policy it proclaimed more than a year ago, when the radicals were in power, of picking winners and letting go of the losers; but it is clear that restructuring will still require state support. Avtovaz's size, means it is unrealistic for a western investor to make the necessary financial commitment.

"They're too big for us to get involved in any significant way," says Mr Roger Gale, Moscow representative of the International Finance Corporation, the World Bank's investment arm. Proposals Avtovaz has made to international organisations for helping it modernise and expand its existing plant would require almost $2bn.

"Who saved Chrysler?" asks an executive at the European Bank for Reconstruction and Development. "The US government. The role of the government in Russia is to know how much it can afford to invest and to help the people displaced by restructuring."

Mr Kalageorgi of GM says: "What Avtovaz is going through is what we had at GM... We had social security and unemployment benefit, but here the company has paid for health-care, housing and transport. They can't just let people go all at once. With time, however, they will emerge stronger from having to reorganise like we did."

Some state support has been forthcoming: a recent presidential decree promised a three-year tax holiday for the car plant Avtovaz hopes to build with GM. But until Avtovaz draws up a detailed restructuring plan it will not be clear how much extra aid will be required from the state.

Meanwhile, as a sign of its determination to join the ranks of world car producers, Avtovaz has begun selling to the Russian public Rbs2 trillion ($1.3bn) worth of shares in a new consortium with other Russian companies to help finance the plant it hopes to build with GM – even before the latter has agreed to the project's go-ahead.

To attract Russians eager to protect their savings from inflation, the consortium is offering shareholders the chance to win a car by entering a lottery rather than waiting for dividend payments.

But its efforts to behave in a market-oriented way are threatened by Mr Chernomyrdin's promised "policy corrections". At best they mean a reversal of policies which had only just begun to show benefits for Avtovaz – for instance by enforcing financial discipline. At worst, they threaten to unleash either hyperinflation, or a return to old-style state control of the economy – both of which would set back, and perhaps bury, Avtovaz's hopes of thriving on the world industrial stage.

Joe Rogaly

Dustbin-lids to the fore



The British cabinet spends more time reorganising local government than it does on everything else, not excluding the delicate process of halving and quartering the truths that its esteemed ministers vouchsafe to parliament. The word "reorganising" is of course a euphemism. What has actually been going on since the Conservatives came to power in 1979 has been the steady, purposive, and highly effective destruction of local democracy.

It is customary to regard the centralisation of power in Britain as roughly equivalent to that in France. Historically, this may be true. Today, we cannot be so sure. Local party bosses dominate the French chamber of deputies, but in Britain councillors assume that if they are elected to parliament they must stand down locally. In the power-grabbing stakes, London surely has the edge over Paris. No? There is a doctoral thesis in this. If someone takes it up, bet on Britain turning out to be the most centralised state in Europe.

According to Mr Jack Straw, the Labour spokesman on such matters, no fewer than 144 "reorganising" acts of parliament have been passed in the 14 years since the then Mrs Margaret Thatcher first took office. The precise number may be debatable, but it certainly feels as if a huge quantity of new restrictions have been imposed. Locally-elected councils have seen their public housing sold off to tenants, or transferred to the control of self-selecting committees. Education is steadily being taken away; first the polytechnics went to a quango, now the secondary schools are being picked off. Soon Whitehall will attempt to tie the strings of patronage around Britain's 24,000 primary schools.

The onslaught never ceases. A new bill is diluting the presence of locally elected representatives on police authorities. Traditional powers to raise finance locally have been circumscribed or removed altogether. Before 1979 around half local spending was financed by locally-determined taxes; today the figure is 15 per cent. The geographical borders within which the system works are, it seems, perpetually redrawn. The current plan to replace the two-tier structure of county and district councils in England with single authorities has run into difficulties, but the Whitehall army does not know how to halt.

Defenders of this 14-year blitz do have a case. In the 1960s and 1970s much of British local government was a form of indoor relief for otherwise unemployable white collar workers. It was bloated and inefficient. The housing estates were Labour theme parks, inhabited by captive voters. Schools were often ideological play-centres. Finance was out of control. Regular services, such as refuse-collection, were the property of trade unions. Too much was done with too little care by too many employees. Something fresh has arisen from the Tory-created rubble. Spending is under strict Treasury control. The unions are quiescent – or is it battered into submission? Decisions are made at or near customer-level. School boards run schools, hospital trusts hospitals, housing associations housing. Instead of town hall dictators we have consumer choice and open competitive tendering. Local businessmen and women take part in making things run smoothly.

If England's blood still ran red it would be in mid-revolution. Local citizens would be standing behind dustbin-lid barricades.

This pretty picture conveys only a mandarin's fraction of the truth. What is missing is the electorate. Ministers appoint reliable party hacks, chums of chums, to the new quangos. This has one advantage. It is less tedious than campaigning for office. It also gets better results: across the country, Labour has some 2,000 more elected councillors than the Conservatives. Their deliberations are open to the public. The Tory-packed boards and management committees usually meet in secret. They are answerable to no one, except perhaps a civil service voice on the telephone, purporting to be that of the minister. These local worthies and party hacks are supposed to serve parents, patients, tenants, victims of crimes, householders and, indeed, all of us. But we, poor boobies, have nowhere to turn for redress of grievances, no influence over policy, nobody to dismiss.

It is an outrage. If England's blood still ran red and strong it would be in mid-revolution by now. Local citizens would stand enraged behind dustbin-lid barricades. Instead we must make do with a pair of mild analytical pamphlets. One, from the Fabian Society*, asks what the Labour party's commitment to decentralisation really means, and comes up with limp answers. Labour favours unitary authorities, but what has been missing, the Fabian authors complain, is any debate or agreement about the purposes of the new councils. A second pamphlet, from the European Policy Forum**, accepts what has happened since 1979, but offers suggestions for improvement. Its approach is, you might say, Fabian.

The EPF authors would make quangos more accountable, by getting elected local authorities to keep an eye on them. Whitehall's monopoly of control, although not necessarily of patronage, would be diluted. Elected councillors would sit on the new boards and governing bodies, as representatives of democratic local authorities. As to finance, the EPF and Fabian authors both argue that the business rate should be set locally, and that other forms of local taxation should be allowed. Thus would a portion of the power grasped by the Tory centralisers be returned, as burglars might be asked to hand back a share of their loot.

This is not quite good enough. We need to decentralise within Britain as much as within the European Union. John Stuart Mill wrote in 1861, "it is but a small portion of the public business of a country which can be well done, or safely attempted, by the central authorities." He might have added, "or their appointed puppets". Perhaps he has been misunderstood. Our government, headed by a former Brixton councillor, has all the sense of history, the probity, the global vision, of your average inner-city town hall. Inexplicably, it keeps losing local elections, and will doubtless do so again in May. No wonder it seeks to replace all councils everywhere.

**Beyond the Town Hall by Margaret Hodge and Wendy Thompson. £3.50 from 11 Dartmouth St, SW1H 9BN*

***The New Local Governance. Report by Professor Michael Clarke. £7.50 from 20 Queen Anne's Gate, SW1 9AA*

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

Hospitals move threatens charity projects

From Prof Nicholas Wright.

Sir, Health secretary Virginia Bottomley, hospital trusts and medical schools will need to consider carefully their actions now that, having solicited charitable funds for projects like Philip Harris House at Guy's Hospital, they choose to make such projects either unavailable or undesirable for occupation ("Guy's role to be cut in London hospitals shake-up", February 11). They must urgently address the question of what is to happen with all the charitable funds they appear to have put at risk.

This point, as much as any other, should have been considered in calculating the cost implications of consolidating on one site.

The Imperial Cancer Research Fund has invested £1.7m of public donations in Philip Harris House. The objective was to bring together the research clinicians and pathologists working in our breast cancer unit and to add a new laboratory to work on gene and biological therapies, which we believe will play a major role in the next generation of breast cancer treatments. With the move to St Thomas's we want accommodation there of an equal standard at no further cost to the charity, or our money back.

During all the recent months of deliberations, we have repeatedly asked for assurances regarding our investment and plans and we have been informed that no such assurance is possible.

We are all obliged to pay our taxes and we all accept we have no control over how they are spent. But giving time, energy or money to charities is a matter of personal choice: people support charities precisely because they do know the charities' objectives. And they certainly do not expect the government or any other public body to throw away the fruits of their efforts.

Nicholas Wright,
director of clinical research, Imperial Cancer Research Fund, 44 Lincoln's Inn Fields, London WC2A 3PX

Over-priced auditing

From Mr Brian Moore.

Sir, As a small, financially uncomplicated, five-man service business, (700 invoices a year, nil stocks, PAYE-based remuneration, and with no unearned income), we tended to devote our energies to developing the business and left the accounting and auditing to the accountants.

Creeping suspicion at their escalating charges over four years finally caused us to seek alternative quotes, resulting in a reduction of more than 60 per cent in accounting/auditing charges from the firm which were to become our new accountants. Accordingly, we dismissed our previous accountants because of their excessive charges.

Apart from the money, our main grievance is that our ex-accountants persist in referring to their dismissal as resignation in letters to the authorities.

While this is probably an isolated incident, we wonder if any of your other readers have experience of similarly isolated incidents?

Brian Moore,
Heatherley Cottage, 4 Heatherley Road, Camberley, Surrey GU15 3LW

No doubt about nature of manifesto

From Sir Christopher Prout.

Sir, Philip Stephens' report, "Major deepens Tory divisions on Europe" (February 11), suggests that the prime minister has tilted Tory Euro-Election preparations in a sceptical direction by announcing, at question time last Thursday, that we will fight in June on a "distinctively British Conservative manifesto" rather than on a European People's Party (EPP) platform.

There has, in fact, never been any doubt that the British Conservative European parliamentary candidates would be fighting on anything other than a British Conservative manifesto. This position has been set out with crystal clarity on several occasions by both the prime minister and by the foreign secretary.

I am, in fact, confident that the Conservative party manifesto will be both balanced and positive, setting out a clear agenda for the next five-year European Parliamentary term. There is no question of it marking a fundamental shift towards Euro-scepticism. Fears in this direction are, I believe, groundless.

In his article, Mr Stephens inadvertently re-cycles some well-travelled misinformation about the Conservative MEPs' relationship with the EPP. Neither the Conservative party nor the Conservative MEPs are members of the EPP party organisation, which is a transnational centre-right political party. The Conservative MEPs are "allied members" of its European parliamentary offshoot, the EPP parliamentary group.

Our office in Conservative Central Office is the office of the British section of the EPP parliamentary group.

This difference is important. British Conservative, Ulster Unionist, Danish Conservative and some French UDF MEPs all sit in the EPP group as allied members, whose full members comprise Christian Democrat and other Conservative MEPs from all over the Community.

After June's elections, we hope the Gaullist MEPs will also join as allied members. Together we are all in an alliance to oppose both socialist and extreme right political forces in Europe.

The EPP party organisation intends to issue a manifesto for the forthcoming elections. Although we shall part company in several specific respects, its likely commitment to an open, decentralised Europe based upon the principles of subsidiarity and market forces is one we wholeheartedly share. But whatever it says, neither the Conservative party nor the British Conservative MEPs will have played any part whatsoever in drafting it and nor will we be bound by it.

That situation is the opposite of the one faced by Labour and the Liberal Democrats. Their national parties are full corporate members of the transnational European Socialist and Liberal parties. Their European manifestoes are binding.

Some Tory Euro-sceptics should ask themselves whose interest they are serving by propagating a deeply misleading interpretation of the role played by British Conservative MEPs in the European parliament. They should, rather, direct their anti-centralist fire not at members of their own party but at our Labour and Liberal Democrat opponents. Unless they desist from this destructive campaign, they will bear a heavy responsibility for any electoral losses which follow.

Christopher Prout,
leader, British Conservatives in the European Parliament, European Parliament Office, 2 Queen Anne's Gate, London SW1H 9AA

Strong case for reform along unitary councils line

From Mr Robin Mosley.

Sir, I was staggered to read your article suggesting that councils did not back the present review of local government in England ("Councils refuse to back review", February 3). I wondered whether the information in it had more to do with the effectiveness of the Association of County Councils' public relations machine than the reality.

The Association of District Councils supports the review of local government and replacing the existing two-tier system with new unitary authorities. In the Cheshire review area, Chester City Council and the seven borough councils have agreed to submit a joint proposal to the Local Government Commission to replace the existing nine councils and a two-tier system with 6 unitary councils for Cheshire.

Not only local authorities support these proposals. There is substantial public support for change. The Local Government Commission's own Mori poll for Cheshire shows that in Cheshire twice as many people support the new unitary councils as oppose change. This poll was supported by the city council's own recent consultation exercise. Leaflets and questionnaires were sent to nearly 50,000 households. We have received a staggering response of more than 11,000 replies, of which more than 80 per cent support the proposal for a unitary authority for Chester.

A recent rigorous financial appraisal shows that unitary authorities would be cheaper than the present two-tier system. The eight district councils in Cheshire have worked jointly with consultants on a financial appraisal based on factual information provided by the county council and the district councils. That appraisal shows that scrapping the existing system and replacing it with six unitary authorities would produce annual savings of more than £9m.

The pay-back period for the cost of these changes would be less than three years.

The case for change in Chester and Cheshire is very strong. It is backed by public opinion and by eight of the area's nine local authorities.

Robin Mosley,
director of policy development, Chester City Council, The Forum, Chester CH1 2HS

FINANCIAL TIMES

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Tuesday February 15 1994

In Germany, it may get worse

Chancellor Helmut Kohl last week quoted Goethe to explain how Germany had to solve economic problems stemming both from the cyclical downturn and from the country's structural deficiencies. "Intent alone is not enough: we must pass to action." One widely-held view is that Germany's corporate and political leaders now agree on the therapy to lead it out of the deepest recession since the 1940s. All that remains to be done, according to this argument, is to wait for already-decided measures – government deficit-cutting, industry restructuring, trade unions' accord on lower wage rises – to bear fruit, assisted by eventual upturn in east Germany and a revival in world trade.

This view is starting to look complacent. There are grounds for believing that Germans have not yet grasped the full import of the challenges resulting from world-wide deregulation, the opening of eastern Europe, and the specific burdens of German unification. If this thesis is true, then Europe's most important economy stands at the beginning of efforts to adapt its industrial and social structure to harsh new realities.

The latest sign of these strains is the difficulty engineering employers and trades unions are experiencing in their current negotiations on wages and working patterns. Employers seeking reductions in labour costs and more flexible working hours are embroiled in a worsening confrontation with unions demanding a 5.5 per cent wage increase, which may even lead to strike action.

This is the last thing the German economy needs as it struggles to emerge from its most serious recession since the war. For a country that built post-war recovery on exports, restoring competitiveness must take priority.

Since the mid-1980s, industry has been hit by above-average increases in wage and non-wage costs and an appreciating D-Mark. The Federation of German Industry's research institute calculates that west Germany's unit labour costs in 1992 were 23 per cent higher than a weighted average of other industrial countries, compared with a position 14 per cent below the average in 1985. According to the OECD, Germany's share of world exports has fallen more since 1987 than that of any other of the group of seven leading industrial countries.

Germany needs lower labour costs. One reason for the stubborn resistance to lower wage settlements is that disposable incomes are already being eroded by ever-heavier taxation and the rising cost of domestic services, which now shows up in 3 to 4 per cent inflation. Government receipts as a share of GDP are already higher than in any other G7 country, apart from France.

Nevertheless, massive resource transfers to east Germany, combined with a failure to cut spending in west Germany, have led to continued rises in public sector deficits. Barring an unexpected economic spurt, the general government borrowing requirement is likely to stick at around 5 per cent of GDP for several years. After incorporation of an extra DM500bn (£194bn) of debt stemming from eastern Germany, general government indebtedness next year will also exceed the Maastricht treaty guideline of 60 per cent of GDP.

So it is not too surprising that the Bundesbank has slowed down cuts in short-term interest rates. Since the summer of 1992, net purchases of fixed-income German securities from abroad have totalled an unprecedented DM340bn. In view of long-term budgetary concerns, the Bundesbank fears that premature short-term easing would provoke large foreign sales of German bonds – producing higher long-term interest rates and worsening further the fiscal outlook.

Notwithstanding trade union resistance, German industry must continue to cut costs. Similarly, the next German government will be unable to avoid further action to reduce spending. Carrying either task through will be arduous, particularly so for the politicians. But the consequences of procrastination could be even more unpleasant.

Lloyd's snubbed

Yesterday's rejection by Lloyd's Names of a £900m offer of compensation from the London insurance market looks a little quixotic. Even an inveterate gambler would hesitate to punt on the verdict of the courts over an issue as contentious as this. While the bill for successful legal action against Lloyd's agents would be met chiefly from errors and ommissions insurance and from Lloyd's central fund, money from these two sources could easily fall short of what may ultimately be required. There is a worry that some parent companies will walk away from the liabilities of their agency subsidiaries.

This was, then, a case where the bird in hand had something to commend it. Yet the whole dismal Lloyd's saga, which has caused a substantial and painful redistribution of wealth among Britain's landed and professional classes, is fraught with emotion. For too many people the proposed settlement would not have been enough to stave off impending bankruptcy: they had nothing to lose by turning it down. The result is that Lloyd's will suffer the nagging distraction of continuous litigation for the forseeable future. Whether the damage to the market's reputation will be equally durable is another matter.

Certainly this snub from the Names is less worrying than it would have been before Lloyd's brought in £800m of corporate capital last year. Having passed this test, the ability of Lloyd's to write new business is greatly enhanced. Dire forecasts of a meltdown in the insurance market now look less plausible – the more so since the 1993 underwriting year is expected to be profitable. There is a growing perception that the market may be past the worst and that the new broom at Lloyd's was beginning to deliver something tangible.

Yet there is still a long haul ahead. Losses for 1991 and 1992 which have yet to be reported are expected to saddle Names with a further bill of £3bn. And a successful outcome to the attempt to insulate the market from pollution and asbestosis claims by setting up a separate £4bn reinsurance arm known as NewCo is far from certain. That said, Lloyd's still has a formidable advantage: it has never short-changed its policy holders. Insurance rates are rising. If the market professionals manage to keep their nerve in the face of continuing bad publicity arising from litigation, they might just pull through

AEA for sale

Up to now, the government's 12-year privatisation programme has been largely about selling state entities with plenty of tangible assets: energy companies, public utilities and so on.

The imminent privatisation of the Atomic Energy Authority poses a challenge of a different kind. The AEA – or at least that part of it which is to be sold off – consists mostly of brainpower and technology accumulated from half a century of developing Britain's atomic energy programme.

The government is right to want to privatise the AEA. One objection is that it might be of strategic value, but that is not the case. The AEA today has expanded well beyond its original brief, and contains a high-class, possibly unique, amalgam of expertise, which can be marketed to a wide range of industries. Privatisation will wean the AEA off excessive reliance on government contracts and force it to earn a living.

The question for government is how to extract full value from this collection of intangibles: the expertise, the people and the contracts which represent the AEA's flow of business, worth more than £200m a year. Apart from last year's sale of the Department of Transport's information technology arm (later assimilated by its new owner), the government has little experience in this area.

The ideal solution must be a management buy-out. This would create a sense of partnership among the company's employees, and guarantee the AEA the independence to underpin its credibility as a consultancy. However it may be too much to expect a state-owned scientific agency to make that sort of leap in one bound – particularly when it does not even have a chief executive.

The alternative would be flotation as a private company. This would not be easy, however, since investors would have to be sure that the AEA had a worthwhile portfolio of contracts, and that its principal assets – people – would not walk out of the door.

Only as a last resort should the government consider the remaining alternative: sale in whole or in part to trade purchasers. This would be highly unsatisfactory. The AEA would lose its independence and, if broken up, its range of skills as well. The loss of those two attributes would also presumably reduce its sale value.

The AEA should remain independent. The government's City advisers need to produce ideas for a sale that will keep it so.

Europe's unaided steel companies are on a collision course with their subsidised rivals, says **Andrew Hill**

Choice of cuts or catastrophe

Nobody ever said it would be easy to pull the west European steel industry out of its latest crisis. But in trying to alleviate the sector's problems, governments, steelmakers and the European Commission seem to be thrusting themselves deeper into a furnace of controversy.

The European Union's largest steel producers will meet Mr Martin Bangemann, the industry commissioner, and Mr Karel Van Miert, competition commissioner, today – ostensibly to discuss cuts in EU steel production. Private steelmakers, and those publicly owned producers that no longer receive subsidies, made tentative pledges last year to reduce their steel production by a total of 25m tonnes to about 135m-140m tonnes. Brussels considers this the vital last element of the EU's complex and politically sensitive plan to restore the industry's health after years of overcapacity, slowing demand and competition from cheap imports. Moves, which emerged last night, to fine European steel manufacturers for operating a cartel in heavy steel beams appeared timed to step up the pressure on private steel manufacturers to come to heel.

But producers not receiving aid are unhappy about continued subsidies to state-owned competitors in east Germany, Spain, Portugal and Italy. In December, EU industry ministers agreed unanimously to limit that aid and cut production capacity in the subsidised sector, in the hope of levelling the playing field. But the deal has opened a rift between the non-aided sector and the subsidised producers.

Since December, the attitude of unsubsidised producers has hardened further. Their most vehement attacks have been reserved for the German city-state of Bremen and its plans to keep Klöckner-Werke's steel mill in the city alive, a proposal being investigated by Brussels for possible illegal state aid.

So at today's meeting, instead of co-operating to cut capacity and relieve the crisis, individual steel chiefs could find themselves pitted against one another as well as against the Commission – only 16 months after they stood shoulder to shoulder calling for EU action.

The meeting could mark the beginning of a dangerous stand-off between public authorities – in Brussels and national capitals – and the unsubsidised steelmakers, in which both sides seem ready to gamble with the fate of the industry itself. "It's a poker game," said one Commission official last week. "We have done our part and it was clear from the end of last year that [unsubsidised] industry had to do its part."

The problem is that, since the December subsidies deal, the non-aided producers – led by big west German steelmakers and backed by British Steel and Usinor Sacilor of France – have shown no intention of fulfilling their part of the bargain.

When EU steelmakers first called for action in October 1992, they seemed prepared to offer capacity cuts in return for help from the Commission and national governments. Brussels has tried to comply with the other elements of that request, negotiating with east European governments to reduce cheap imports, promising cash to help cover redundancy costs, issuing forecasts of market conditions and allowing certain steel companies to club together to reduce capacity.

But by withholding cuts in production capacity, the Commission believes the private and non-aided sector risks sacrificing the benefits of those other measures, prompting a drop in the steel price and, in the worst cases, provoking bankruptcies and a new race for state subsidies.

The non-aided producers are worried that the December agreement is unenforceable. Under the deal, governments were allowed to pump subsidies of Ecu6.8bn (£5.1bn) into state-owned companies, provided the same producers cut capacity by more than 5m tonnes. But observers claim the effective cut in capacity will be nearer to 2.5m tonnes, and they doubt whether the political resolve exists to ensure that the main public companies involved in the December agreement – Ilva in Italy, Ekostahl in east Germany and CSI in Spain – receive no further subsidies, as promised by the ministers.

As a result, the non-aided producers are reluctant to push through restructuring which the Commission itself forecasts could lead to the loss of more than 33,000 jobs in the industry during 1994. As British Steel puts it, the unsubsidised steelmakers are prepared to share in the cost of restructuring the industry, but they will not put plants and workers at risk while others continue to receive subsidies.

Preussag, the German company, says it cannot close any capacity without unbalancing its entire integrated operation: cutting capacity in one part of its production line would merely lead to overcapacity in another, the group claims. Thyssen, another of the German steelmakers, says it has done enough, at least on flat products: it is laying off 15,000 workers – more than 30 per cent of its workforce – between 1992 and the end of this year.

Mr Van Miert is prepared to listen to such arguments today. But he will insist that December's subsidy deal cannot be reopened. He has always said the compromise was not ideal, but points out that ministers would never have reached unanimous agreement on a tougher subsidy package.

He and Mr Bangemann will also resist any pressure for the Commission to use special powers to declare a "manifest crisis" in the industry and impose production quotas. The commissioners believe such measures, used during the steel slump of the early 1980s, would simply postpone necessary longer-term restructuring of the industry.

The commissioners are counting on subsidised producers and their governments to demonstrate that the December agreement on subsidies and capacity cuts will stick. The timetable is tight, but governments previously known for procrastination are already acting. On Friday, the outgoing Italian government approved a decree providing L800bn (£324m) to restructure the state-owned steel industry in order to comply with production cuts, and is pressing ahead with privatisation of large parts of the industry.

However, that is unlikely to be enough to mollify the unsubsidised steel producers, which will cite the Klöckner subsidy case as the best example of how the Commission's plans are unravelling.

The Commission is investigating the sale of 75 per cent of the Klöckner mill for just DM4 (£1.50) to a consortium led by Bremen and made up mainly of publicly controlled companies. That has angered non-aided producers in west Germany and beyond, which hoped that when the Klöckner-Werke parent company went into receivership last year the hot-strip mill would be closed. Some 3m tonnes of annual production would then have been cut and overcapacity eased in the sensitive sector of flat products. Critics say the mill will only survive because of a capital injection from the consortium partners, and warn that the chances of further cuts in flat products are remote if the sale is approved by Brussels.

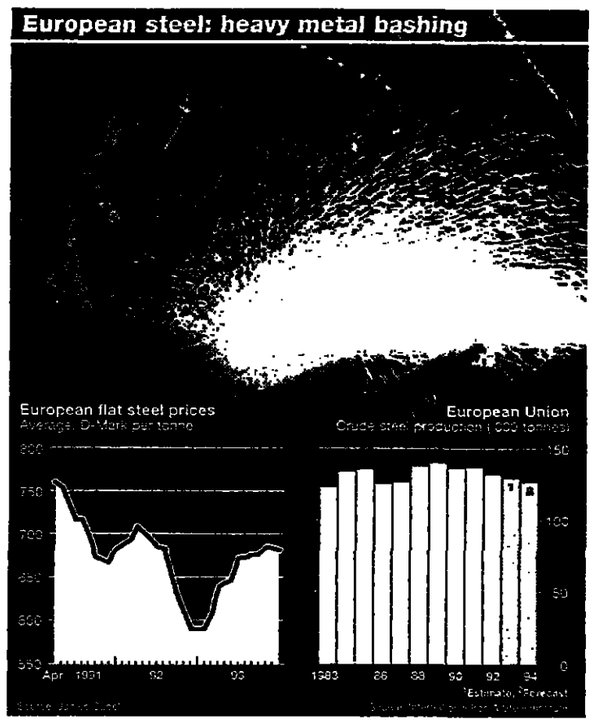
Klöckner's chief executive, Mr Hans Christoph von Rohr, claims his restructuring plan has turned the plant round, and made it profitable. It would be quite wrong to close one of the most modern integrated steel plants in Germany, he says: "We would be slaughtering the wrong pig." But he admits he cannot see any easy alternative – except to close another entire plant, if possible one of the oldest.

Mr Van Miert and his officials have indicated they are likely to take a tough line against the Klöckner plan, to ease the confrontation with the private and non-subsidised steelmakers. If it is not, then the chances of an easy solution are probably slimmer than they were when a united west European steel industry approached the Commission in October 1992. The only hint of a concession on the part of the non-aided producers is a possible reduction of capacity in long products, such as beams used in construction. In trying to persuade them to go further, the Commission's only lever is the threatened abandonment of other elements in its rescue package, such as redundancy aid and protection against cheap imports.

Brussels still insists that it is calling the steelmakers' bluff and not the other way round. Officials say the choice for the industry is capacity cuts or catastrophe. But if the steelmakers are prepared to push negotiations to the brink, it is hard to imagine that the politicians in the Commission and national governments will stand by and watch the steelmakers throw themselves off the edge.

Additional reporting by Andrew Baxter, Robert Graham and Quentin Peel

European steel: heavy metal bashing



Positive aspects of Ireland's economy

PERSONAL VIEW

The most recent European Union statistics shows that there is one member state whose growth over the past five years is spectacularly ahead of all the others – almost three times faster than the rest of the EU – and which has by far the best EU record in relation to the expansion of manufacturing employment. It also has the lowest rate of inflation during this period. Moreover, it has for some years had the lowest level of public borrowing and by far the fastest export growth and biggest external payments surplus in the European Union.

This state is also unusual in that the increase in the purchasing power of its average wage since 1988 has been matched only by one other EU country – Portugal. Other striking features are that it has the lowest death rate in the world for mothers and for children under five, the highest level of food consumption and the second-highest rate of home ownership. Its rate of female participation in parliament and government is a third higher than in Britain and the EU respectively.

The state in question is Ireland.

Of course, this is not the whole story. There are two other aspects of the Irish state which are equally notable and less positive: its average level of living standards, measured in terms of its disposable income per head of population, is 22 per cent below that of the EU as a whole, and its unemployment rate is higher than in any other EU country except Spain.

Both of these features are, however, largely time-lagged consequences of a very high birth rate, which as recently as the late 1970s was as much as four-fifths higher than in many other European countries. However, this exceptionally high rate is now a thing of the past. For, despite the increase of more than half in the number of young people in its population during the past two decades, a virtual halving of the fertility rate has reduced the Irish birth rate by more than a third. This was brought about by the almost universal adoption of contraceptive practices, in disregard of the attitude of the Roman Catholic authorities. It is quite possible that within a few years the rate will have fallen to the kind of very low level that prevails in countries in southern Europe.

Changes 1988-1993 %	Ireland	UK
GDP	+26	+2
GDP per worker	+23	+6.5
Total employment		
manufacturing	+3	-4.5
Employment	+5	-18
Real wages	+16	+9
Consumer prices	+13	+30.5
Investment	+11.5	-7.5
Personal consumption	+16	+3.5
Percentage of GDP 1993		
Public borrowing	2.5	7.2
Current external balance	+6.5	-2.3

Why has the Irish birth rate been such a crucial factor influencing ultimately a country's living standards as internationally measured? For the simple reason that a country whose birth rate has been very high in the recent past is bound to have a much higher ratio of dependants to workers: not only children and students, but also, eventually, unemployed. This is because there is a limit to any modern industrial state's ability to absorb very large flows of young people emerging annually from the education system. This is why the Irish state's dependency ratio is 215 per 100 workers as against about 130 dependents per 100 workers in the UK and 157 per 100 in the EU as a whole.

Vis à vis the UK, this factor helps explain the Irish state's lower level of output per capita. For after a five-year period in which Irish gross domestic product has risen by 26 per cent, against a net 2 per cent in the UK, the level of disposable income per worker in Ireland measured at purchasing power parities is now the same as that of Britain and higher than that of Scandinavia.

The level of Irish unemployment is also largely a function of the past high birth rate. Because Ireland's population was a fifth smaller up to 30 years ago, the number of annual retirements is currently relatively low. At the same time, the high birth rate up to the 1980s has been yielding – and will continue to yield until after 1998 – a high rate of entry into the Irish labour force. The result: a need for a net annual increase of more than 3 per cent in jobs – whereas in the EU as a whole the rate has been only a fifth of 1 per cent. With annual births down from 74,000 in 1980 to fewer than 52,000 in 1989, and now dropping below 50,000, it is clear that this problem will have largely solved itself within about 15 years.

Meanwhile, the short-term growth prospects of the Irish economy are probably better even than forecast by the European Commission. There are now marked signs of a recovery in consumer demand, which will generate increased employment later this year.

This is the background to the recent Irish budget, which should have a moderately stimulating effect on the economy, mainly through income tax reliefs.

Garret FitzGerald

The author is the former taoiseach (prime minister) of Ireland

OBSERVER

Leading from the rear

■ Why has Britain's Labour party shied away from pushing one of its 45 MEPs to run for the forthcoming vacancy as president of the European Parliament, when Germany's Egon Klepsch steps down? It's a much more important job than it used to be, especially now that the European parliament has the power to vet new commissioners.

Labour MEPs are the single biggest contingent in the socialist group, in turn the biggest group in the European parliament. The number of Labour MEPs could easily swell to more than 50 in the forthcoming elections, giving them even more clout. If they wanted one of their own heading the parliament, David Martin, a 38-year-old Scotsman who has been a MEP for a decade, would be the obvious choice. He's been described as the Tony Blair of the European parliament.

However, the Labour party has decided that instead of shooting for the presidency, its MEPs should try for second best – chairing the socialist group. And instead of pushing Martin for the job, they are also fielding Pauline Green, 45, whom some regard as a second best candidate.

But it might make tactical sense. Britain's Labour MEPs are never going to get both jobs and probably stand more of a chance of securing the socialist group leadership. Even so the decision to push Green is another sign that John Smith, leader of Britain's Labour party, wants to keep his MEPs on a short lead in the run-up to Britain's own elections. The last thing Labour wants is to have an articulate proponent of the socialist super-state – in a position where he could highlight the cracks in Labour's own European policy.

Play it again, Yam

■ Yaman Toruner, Turkey's new central bank governor, is better qualified than his predecessors in one respect. On paper, some think he is a rather dull choice. But that is overlooking the fact that he's a big fan of Madonna and has indeed been known to bop at her Turkish concerts. Hence Turks are hoping that this might help him strike a chord with a "material girl" much closer to home – Turkey's first female prime minister, the redoubtable Tansu Çiller.

It's a challenge that has beaten the two previous incumbents of the governor's office.

Knight time

■ "Anyone who tells you they always get the stock market right is either called George Soros, or is a liar," says Nick Knight, Nomura's London-based stock market strategist. Even so he's acquiring quite a following for being prepared to make the big stock market calls.



'He's a scandal looking for somewhere to happen'

Although he's still only 32 he seems to have been strutting London's stock market stage for ages. His detractors say that he makes so many aggressive calls that he's bound to get some right. However, the size of his fan club has increased considerably since he highlighted the "once-in-a-lifetime" investment opportunities caused by Britain's sudden exit from the exchange rate mechanism in September 1992.

His latest target is Hong Kong. Last week he told clients that its market could fall by 30 per cent this week, which may help partly explain yesterday's 4.5 per cent fall.

Knight admits getting the Japanese market wrong at the end of last year but regards himself as the stock market equivalent of golf's Arnold Palmer.

"The more I practice, the luckier I get," says Knight.

Looks worse

■ Far be it from Observer to mention Sunday Times columnist Lynn Barber's looks, but her memory lapses are a bit of a worry. Biting back at David Mellor for dubbing her a "sabre-toothed old harridan" she boasts that "it has never occurred to me to attack anyone for their looks or even to comment on them". Oh no?

"Who is this terrible man Robert Peel?" squawked Barber from her page but a few months ago, inspired by an American Express ad featuring the chairman of Mount Charlotte Thistle Hotels. "He has a wonky face and a carbuncle on his bald pate, though I suppose that could be the drawing."

Forming up

■ Place your bets, please, on who gets to run the UK National Lottery. William Hill, the bookmaker, has opened a book on the sweepstake to beat all sweepstakes.

The 7-2 favourite is The Lottery Foundation, headed by Richard Branson and Lord Young. Second favourite is The Great British Lottery Company at 4-1. Games for Good Causes, in which William Hill's rival Ladbroke has a stake, is trailing at 6-1. Last of the eight bidders is Rainbow, at 20-1.

The smart money seems to be on Branson's bid. Indeed, Observer hears that Will Whitehorn, the entrepreneur's mouthpiece, has bet £1000 of his own money on Branson winning.

Sensibly, he never risked a penny betting on the chances of his master winning an ITV franchise.

Super-trolley

■ Supermarket trolley drivers are becoming more sophisticated.

When Britain's Gateway supermarket chain started fitting calculators to its trolleys, it thought they would be used for mundane calculations, such as totting up the bill.

Not so. It seems that more and more customers are using the gadgets for complicated calculations such as whether a 500 gramme product at 48p is better value than a 200g version at 21p.

Gateway's shoppers still have far to go to catch up with their US counterparts where healthy shoppers mainly use the calculators to add up the calories.

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UN's weapon recovery 'negligible' in Sarajevo

By Judy Dempsey in London and Michael Littlejohns in New York

The number of artillery pieces being placed under United Nations supervision by Bosnian Serb and Bosnian government troops is "negligible", a senior UN officer said yesterday.

General Jean Cot of France admitted there were very few weapons being handed over despite attempts by UN forces to speed up their collection to pre-empt Nato air strikes on positions overlooking the city.

UN officials believe air strikes could lead to an escalation of the fighting, undermine the humanitarian relief effort and could amount to a Nato declaration of war against Serbia.

"There is a momentum taking place. The ceasefire is holding, and weapons are being collected, but very slowly. The only way we can follow the ceasefire through and speed up the supervision of weapons is to provide more forces on the ground," a military adviser to Nato said.

General Sir Michael Rose, the British commander of the United Nations Protection Force (Unprofor), has already spoken to senior Nato officials about the need for much greater back-up on the ground to collect and supervise heavy weapons.

Mr Vitaly Churkin, Russian deputy foreign minister, warned that if Sarajevo were not demilitarised, "an air strike is unavoidable and this could cause a further escalation of the war", he told a news conference in Skopje, the capital of Macedonia, the former Yugoslav republic.

Nato has said it will strike at positions held by either side, if heavy weapons located in the exclusion zone are not handed in by midnight GMT on Sunday.

Military experts said the UN's attempt to demilitarise Sarajevo was complicated by the fact that it does not know how many weapons were held by either side: "There is no inventory," said Mr Edward Foster, military strategist at Britain's Royal United Services Institute.

There is also concern that Bosnia's Serb forces are placing their weapons in their own depots which will be supervised by unarmed UN personnel. Weapons handed in by the Bosnian government are being supervised by Ukrainian UN peacekeepers.

General Manojlo Milovanovic, chief of staff of the Bosnian Serb army, told Reuters that weapons would be turned over to UN control, but remain in their siege positions. However, General Fikret Muslimovic of the Bosnian government army argued that "those weapons can be returned to combat positions very fast".

Mr Haris Silajdzic, the Bosnian prime minister, said: "I am afraid that such an approach, and an attempt to appease the aggression further would bring a hardening of the Serbian position."

Lloyd's Names say 'No' to £900m

By Richard Lapper in London

Loss-making Lloyd's Names yesterday decisively rejected the UK insurance market's £900m settlement offer, and so signalled their intentions to pursue compensation through court action.

Mr David Rowland, chairman of Lloyds, said: "I regret the final result. Litigation is an untidy, lengthy and expensive route. It may yield benefit to some who have chosen it but I fear that others will be disappointed in that course."

Mr Peter Middleton, Lloyd's chief executive, said: "There are still people who believe we'll make a new offer but its dead and finished."

Names – individuals whose assets have traditionally supported the market – who accepted the deal accounted for only 38 per cent of the value of the offer, leaving the market short of its minimum 70 per cent target.

"The offer has therefore lapsed and the forms of assent will be destroyed," said Mr Rowland, in a letter to Names.

A consequence of the rejection was the decision by JIB Group to liquidate one of its Lloyd's agency subsidiaries, as a result of its contingent liabilities stemming from Names' legal actions.

Lloyd's could not commit to deploy part of the central fund – which meets claims when Names are unable to fulfil their obligations – to any future deal. Of the £900m on offer until yesterday £450m was from the fund.

Although the offer was weighted in favour of Names who were members of syndicates, specialising in so-called "spiral" reinsurance – in which syndicates and companies cover each other's high level catastrophe losses – their decision to pursue legal action was a decisive factor in the deal's failure, Mr Rowland said.

Editorial comment, Page 15

THE LEX COLUMN

Japan under pressure

The Clinton administration scarcely needs to talk the yen up. The mere expectation that it would do so after the failure of the latest bilateral trade talks saw the currency rise by nearly 4 per cent against the dollar in Europe yesterday. Yet such a knee-jerk reaction is not entirely rational. That became clear in the afternoon when the strength of the movement prompted fears the Federal Reserve might even intervene to drive the yen down again. It did so last August when the dollar approached Y103. A strong yen may be a convenient way of putting trade pressure on Japan, but last year's intervention suggests even the US authorities acknowledge it is a mixed blessing.

A quick glance at the Tokyo stock market's response is a reminder of how the deflationary impact quickly offsets the benefits of fiscal economic priming. A strong yen may price Japanese exports out of overseas markets but that will do nothing to boost corporate earnings, employment and therefore consumer confidence within Japan. There is little chance of import volumes rising if the yen is too high to allow the economy to recover.

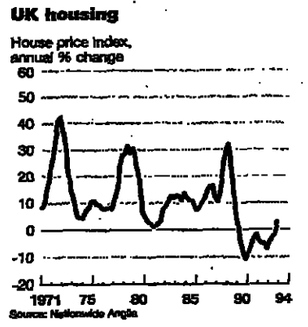
The US may thus have little ultimately to gain by turning the currency market into a trade battlefield. Nor would the tactic necessarily succeed for long. Strip away trade politics and the fundamentals are poor for the yen. The US economy is recovering and interest rates have begun to rise. Japan is still in recession; rates may fall again. The current account surplus is falling in yen terms and is anyway offset by strong capital outflows. These would only increase if a strong yen made investment at home even less attractive.

Tiphook

Tiphook's statement on the sale of its container business was slipped quietly into the water at 5.41pm yesterday, when all good stockbrokers are already in bed. That is a pity, because it makes such interesting reading. The initial high hopes for the price the container business would fetch had been further shaved, so that now Tiphook can only expect £690m immediately. The ambitious new-trailers-for-old deals which the company agreed last spring to raise cash and defer problems – at the same time that it was insisting it had no banking difficulties – have had to be expensively renegotiated. Some £49.7m has been lost as a result. Yet the company still finds itself with the commitment to buy at least £160m of trailers in 1996, for which it sheepishly admits that it currently cannot pay.

Its most recent results have also been prepared, in that chilling accountants phrase, on a "going concern basis". Some hopeful assumptions are made about the company's ability to remain that way – including a general economic recovery in Europe which will work to Tiphook's advantage. For a company with a congenitally sunny disposition, such optimism is at least consistent. For shareholders who have suffered the loss of most of their market value as a result of this rosy boardroom view, the wholesale departure of directors is perhaps the only consolation.

FT-SE Index: 3363.5 (-15.4)



UK housing

One of the big uncertainties facing the UK economy as the recovery picks up speed is how the housing market will respond. Some estate agents suggest residential property values may follow the upsurge in the commercial sector. The seeming problem of negative equity may only sharpen the upturn because it will restrict supply. In its latest inflation report, the Bank of England said the number of households with negative equity had fallen by almost one third from the peak. A further small rise in house prices would spring many more from the negative equity trap, stimulating consumer spending.

Others are less sanguine. Legal & General recently forecast that in a world of reluctant borrowers and cautious lenders negative equity would remain a problem until 1997-98 and might not be eliminated until the next century. The housing market may have improved but 1993 remained the second worst year on record. Although the trend is clearly downwards, there were still some 59,000 house repossessions last year. At the year end, 1.5 per cent of mortgage payments were more than a year in arrear.

Negative equity also exerts a downward pressure on house prices because it restricts demand. Stricter loan criteria and higher deposits for mortgages will also dampen the market. The 0.4 per cent fall in house prices that Halifax recorded in January may be no more than statistical noise. But it also hints that house prices may only rise slowly despite a recovery in transactions.

Elf Aquitaine

The gushing demand for Elf Aquitaine's FFr35bn share offer confirms that France's privatisation programme is still well on course. Following last year's sales, the perception has grown that the government is offering shares at attractive prices. The Paris bourse still appears tempting at this stage in France's economic cycle. Given Elf's size and importance, few fund managers could resist.

Income-hungry funds have been attracted by Elf's yield of 4.8 per cent, which represents a fair premium to the French market. US investors, in particular, have warmed to Elf for the same reason they bought BP after its shares slumped. Elf boasts an enormous asset base which has been poorly exploited in the past. More market-minded management could generate good returns simply by cutting costs and shedding peripheral assets.

That said, the rewards will not come quickly and much is taken on trust. There has been little critical analysis of Elf's prospects since so many stockbrokers were scrambling for the right to distribute shares. Though ravaged by writedowns, Elf's net profits fell from FFr6.2bn to FFr1.1bn last year. With the oil price below $14, earnings will not recover as fast as they fell.

Moreover, the share claw-back will ensure few investors receive a worthwhile allocation of shares. Fragmentation of ownership will make it all the harder to counteract any incestuous tendencies among Elf's web of French corporate shareholders. As the row over Canal Plus has highlighted, outside shareholders are invariably left on the sidelines when insiders change their priorities.

Denmark calls for return to tighter EU exchange rates

By Lionel Barber in Brussels

Denmark yesterday urged its European Union partners to consider a return to the narrow fluctuation bands in the exchange rate mechanism.

Mrs Marianne Jelved, Danish finance minister, told ministerial colleagues in Brussels the 30 per cent bands introduced after last August's exchange rate crisis were not in the interests of the EU.

But Mrs Jelved's call for the European Monetary Institute to examine the possibility of tighter bands met a wall of silence.

Ministers made clear they intend to stick to last year's decision to avoid a formal return to the pre-August bands of 5.5 per cent and 12 per cent respectively, fearing that such a move could provoke the markets to launch another assault on the ERM.

The Danish krone – which came under fierce speculative attack last year – has since moved back into the "hard core" ERM currencies led by the D-Mark. But the Copenhagen government argues that the uncertainty surrounding the krone's position inside the ERM means Danish industry is paying an interest premium of more than 2 per cent.

Market observers have suggested that the Danish government might seek to combat this uncertainty through a bilateral agreement with Germany establishing a tighter link with the D-Mark. But Mrs Jelved ruled out this option yesterday as the meeting of finance ministers produced no sign of immediate action on jobs, but included a debate on the unemployment crisis marked by pledges to introduce more labour market flexibility and to maintain budget discipline.

The UK, Denmark and the Netherlands joined forces at the meeting, meanwhile, to call for a renewed onslaught on fraud in the EU budget.

Mr Kenneth Clarke, UK chancellor of the exchequer, said it was vital for ministers to incorporate more effective safeguards when spending European taxpayers' money. "We need a sea-change in attitudes in the Community," he said.

Most incidents of fraud take place within the Common Agricultural Policy which accounts for around half of the annual Ecu70bn ($77bn) budget. But there is no accurate estimate of the extent of fraud, because most remains undiscovered.

Activists clash on seal exports

By Bernard Simon in Toronto

International animal rights activists have clashed head-on with the devastated Newfoundland fishing industry over a proposed deal to export 50,000 seals from the Canadian Atlantic province to China.

The International Fund for Animal Welfare said the seals would be used chiefly for their genitalia. According to the fund, seal penises sell for $170 apiece in the Far East, where they are a popular aphrodisiac. They are dried and ground and made into a drink by infusion into rice wine.

Ifaw launched a strong protest yesterday against the deal, which is being negotiated between Terra Nova Fishery and Shanghai Fisheries.

It has enlisted the support of 109 British members of parliament from all parties, who signed an early day motion calling on Canada to cancel the deal.

The MPs say the slaughter of seals primarily for aphrodisiacs is "as obscene as it is absurd". Many called on Canada's government to recognise the revulsion felt in the UK and Canada.

Mr Walter Carter, Newfoundland's fisheries minister, insisted that the seal order would be allowed to proceed only on condition that the entire carcass, including fur, meat and oil, is used. Production of seal meat has risen in recent years, and research suggests that seal oil may contain a valuable anti-cholesterol agent.

"We would not support any person who would harvest a seal just to get the sex organs," Mr Carter said.

The Chinese order would represent double Newfoundland's total seal harvest last year and would be desperately needed business for the province.

Fish stocks have virtually disappeared from Canada's east coast, once one of the world's richest fishing grounds. Ottawa banned cod fishing off Newfoundland last month, putting 30,000 people out of work.

Newfoundland's seal population has exploded since a highly effective 1980s protest against clubbing seal pups for fur.

EC will fine steel groups

Continued from Page 1

for state-owned steelmakers, mainly in Italy, Germany and Spain, in return for capacity cuts of more than 5m tonnes. But as part of the deal, the Commission is looking for cuts of 25m tonnes from non-aided producers, provoking angry resistance from private steelmakers.

The steel industry has until now escaped the heavy sanctions for competition distortion that Brussels has imposed in other sectors, such as chemicals and paper and board.

"We have been light on them until now because of the difficulties in the sector," one official said.

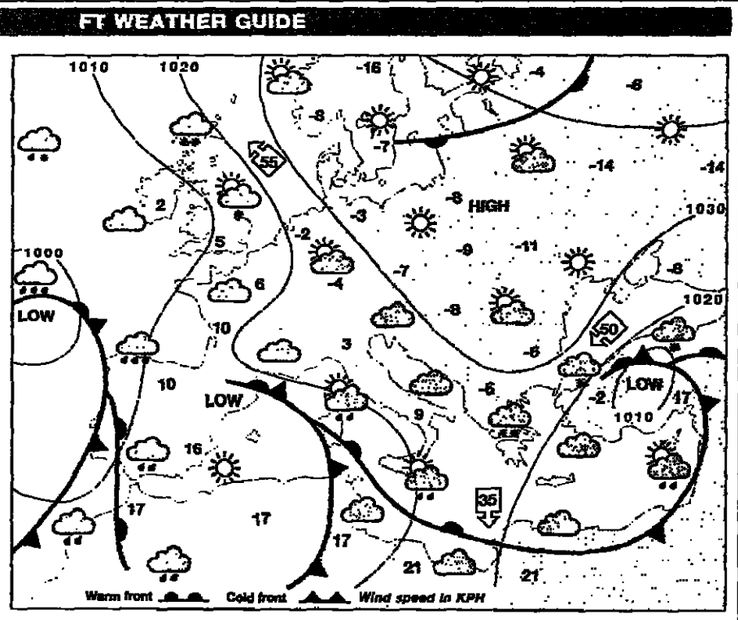
FT WEATHER GUIDE

Europe today

Sunny but bitterly cold conditions will persist in Germany, Poland and western Russia. Winds will be fresh to strong. Southern Scandinavia will have minimum temperatures from -35C to -15C. South-west France will have rain and rising temperatures, but the Alps will remain wintry with sunny periods. The milder air will move to England and Ireland accompanied by cloud and sleet changing to rain. Scotland will stay cold with drifting snow on the hills. Portugal will be cloudy with rain which will reach Spain later today. Italy will stay dry with sunny periods and the eastern Mediterranean will have showers.

Five-day forecast

Most areas will be wintry. High pressure will dominate eastern Europe with sunny, dry conditions. Night-time temperatures will range from -15C to -5C while afternoon readings will be -7C to 0C. The Mediterranean will remain unsettled with a mixture of showers and sunshine. France and the UK will be unsettled with seasonable temperatures. Southern Scandinavia will be bitterly cold and northern regions will have snow.



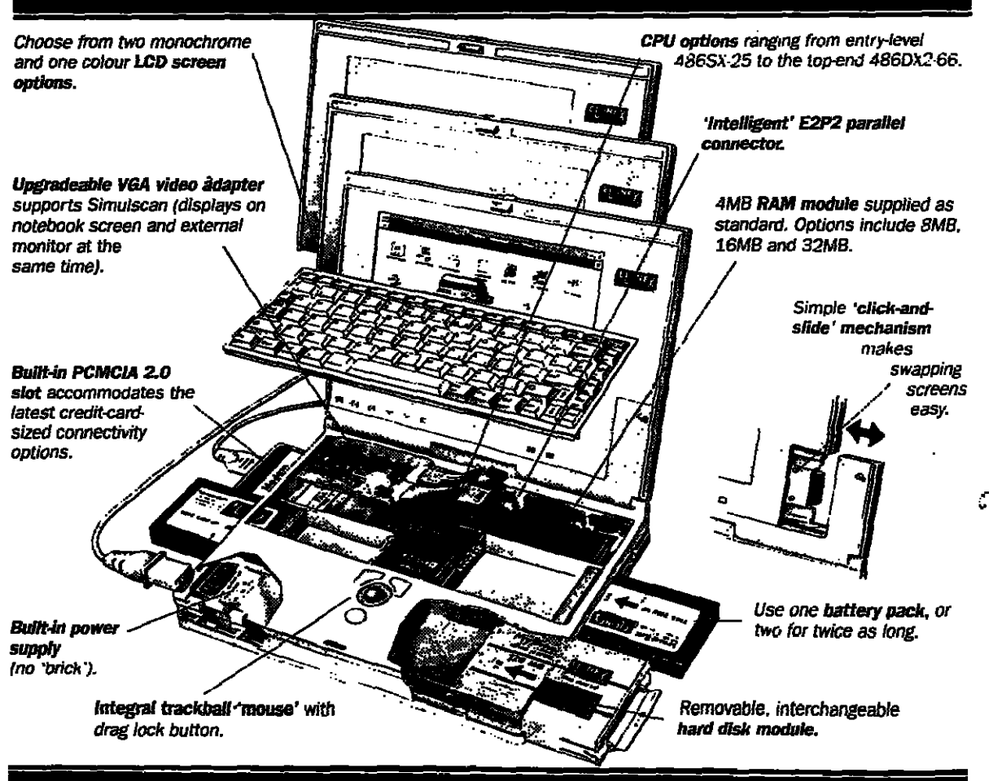
Situation at 12 GMT. Temperatures maximum for day. Forecasts by Meteo Consult of the Netherlands

TODAY'S TEMPERATURES

	Maximum Celsius											
Abu Dhabi	sun	34	Belfast	snow	2	Cardiff	snow	3	Frankfurt	fair	-2	Malta	cloudy	15	Rio	sun	28
Accra	sun	34	Belgrade	cloudy	-5	Chicago	fair	4	Geneva	cloudy	4	Manchester	cloudy	3	Riyadh	sun	23
Algiers	sun	17	Berlin	sun	-6	Cologne	sun	1	Gibraltar	rain	14	Manila	fair	30	Rome	shower	9
Amsterdam	fair	-2	Bermuda	fair	23	D' Salaam	shower	31	Glasgow	snow	0	Melbourne	fair	33	S. Fran	cloudy	14
Athens	fair	8	Bogota	cloudy	21	Dakar	sun	28	Hamburg	sun	-5	Mexico City	fair	21	Seoul	sun	6
B. Aires	fair	28	Bombay	sun	28	Dallas	fair	17	Helsinki	sun	-8	Miami	fair	24	Singapore	shower	30
B'ham	sleet	3	Budapest	sun	-6	Delhi	sun	24	Hong Kong	drizl	20	Milan	sun	3	Stockholm	sun	-7
Bangkok	fair	35	C'hagen	sun	-7	Dubai	sun	24	Honolulu	cloudy	25	Montreal	snow	-9	Strasbourg	fair	2
Barcelona	rain	11	Cairo	sun	20	Dublin	sleet	2	Istanbul	sleet	0	Moscow	sun	-14	Sydney	fair	30
Beijing	fair	4	Cape Town	fair	25	Dubrovnik	shower	4	Jersey	cloudy	7	Munich	fair	-4	Tangier	shower	18
			Caracas	fair	26	Edinburgh	cloudy	2	Karachi	sun	25	Nairobi	fair	27	Tel Aviv	sun	18
						Faro	rain	15	Kuwait	sun	27	Naples	cloudy	10	Tokyo	cloudy	9
									L. Angeles	sun	21	Nassau	fair	28	Toronto	cloudy	-2
									Las Palmas	fair	22	New York	cloudy	4	Tunis	fair	17
									Lima	fair	26	Nice	rain	10	Vancouver	shower	9
									Lisbon	rain	12	Nicosia	shower	14	Venice	fair	4
									London	rain	2	Oslo	sun	-8	Vienna	sun	-5
									Luxbourg	fair	0	Paris	cloudy	6	Warsaw	sun	-9
									Lyon	cloudy	7	Perth	sun	35	Washington	fair	10
									Madeira	fair	17	Prague	fair	-7	Wellington	sun	27
									Madrid	rain	10	Rangoon	sun	34	Winnipeg	cloudy	-8
									Majorca	rain	14	Reykjavik	sleet	2	Zurich	sun	-3

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NB-400 notebook PCs from Elonex.



Now you don't have to compromise.

Until now, choosing a portable PC meant compromising on power and flexibility. Elonex's NB-400 notebook PC range changes all that. Designed from scratch by Elonex to beat the best in the world, the NB-400 range matches the versatility and processing speeds of many bigger and heavier machines.

The NB-400's unique modular design means that just like desktop PCs, they can evolve as technology advances and your needs change. You can simply upgrade the CPU, RAM, screen, video card, batteries or hard disk as and when you need to.

There are five NB-400 hard disk modules, for example, ranging from 80MB to a massive 450MB. These can also be used with conventional desktop PCs. A communications cable comes as standard for loading applications or trading data with other PCs. An external 3½" disk drive is also available as an option.

Elonex's NB-400 notebooks offer a choice of three different interchangeable LCDs. Options include a mono backlit LCD, a low-power mono LCD with adjustable backlighting and a brilliant passive matrix colour LCD. More will be added to the range later.

NB-400 battery packs offer longer than average battery life. You can also connect directly to a car or boat battery if you wish.

You might be surprised to learn that all this power and flexibility is also very affordable. In fact, at £1,445 + VAT for a fully configured 486SX-25 system, you'll find Elonex NB-400 models cost no more than ordinary notebooks from other manufacturers.

Find out more about the NB-400 notebook PC range. Call your nearest Elonex office and ask for notebook sales.

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Bradford: 0274-307226
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intel inside

All NB-400 models are supplied complete with a hard-wearing, padded nylon carrying case, and come ready to run with Lotus Organiser, MS-DOS® 6.2 and Windows™ for Workgroups 3.11. Elonex notebook PCs are backed with unlimited technical hotline support. Head Office: Elonex plc, 2 Apsley Way, London NW2 7LF. Tel: 081-452 4444. Fax: 081-452 6422. Northern Office: Elonex plc, 7-9 Campus Road, Listerhills Science Park, Bradford BD7 1HR. Tel: 0274-307226. Fax: 0274-307294. Scottish Office: Elonex plc, 10 Grayshill Road, Westfield, Cumbernauld G68 9HQ. Tel: 0236-452052. Fax: 0236-452294. Elonex is a registered trademark and NB-400, NB-425L, NB-433, NB-450 and NB-466 are trademarks of Elonex plc. Microsoft and MS-DOS are registered trademarks, and Windows is a trademark of Microsoft Corporation. Intel, Intel Inside and the Intel Inside Logo are registered trademarks, and Intel-486 is a trademark of Intel Corporation. Elonex reserves the right to change prices and specifications without notice.

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Tuesday February 15 1994

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IN BRIEF

Fokker unveils drastic cuts

Fokker, the Dutch aircraft manufacturer, unveiled plans for a drastic cut in aircraft output and jobs. Page 20

Walt Disney negotiates with banks
Walt Disney, the US entertainment group, began negotiations over the emergency financial restructuring of Euro Disney at a meeting with its ailing European subsidiary's banks in Paris. Page 18

BCI prospectus published
Italy's ambitious privatisation programme took another step forward yesterday with the publication of the prospectus for Banca Commerciale Italiana, one of its top financial institutions. Page 18

Alcatel to win Framatome control Alcatel Alsthom, the French telecommunications, engineering and transport company, appears set to gain control of Framatome, the state-owned nuclear power station group. Page 18

Romance cools
Wall Street's love affair with a slimmed-down and revamped Sears Roebuck has cooled. Page 20

Southwest shines
All three of the biggest US airlines reported yet another year of heavy losses, but the largest profits came, once again, from Southwest Airlines, the relatively small, Texas-based carrier transforming the US air travel market. Page 19

Foster's ahead 21%
Foster's Brewing Group, the Australian company which owns the Courage business in the UK, reported a 21 per cent increase in interim profits. Page 21

Matif on the offensive
Matif, the French futures exchange, hopes to wrest business from the over-the-counter foreign exchange markets when it opens options contracts on price movements between the US dollar andtwo European currencies. Page 21

Granada's LWT offer 'still too low'



London Weekend Television appealed to shareholders to reject Granada's increased offer for the company as still "far too low". In a circular to shareholders Sir Christopher Bland (left), LWT chairman, said the offer failed to reflect "not only the level of our 1993 earnings but also the earnings which we are confident we can achieve in future". Page 24

Time for a biotech
After a flurry of biotechnology flotations, virtually all of which are trading at a discount to their issue price, UK investors' enthusiasm appears to be cooling. However, some say the timing for a launch is perfect. Page 25

A decisive year at Fyffes
The 1994 year will be decisive for Fyffes, the Dublin-based fruit and vegetable distributor. Fortunately for Fyffes, the rules of engagement have been written in its favour. Page 24

Valentine victory
Flying Flowers, the UK's sole quoted flowers-by-post business, celebrated St Valentine's Day by announcing more than doubled 1993 pre-tax profits. Page 24

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Chief price changes yesterday

FRANKFURT (DM)

Rises			
AEG	188.5	+	6.4
BMW (Br)	818.5	+	16.5
Didier-Werke	151.2	+	7.7
Veba	491.8	+	10.1
Falls			
Berliner Bank	301.5	–	10.5
Linotype-Hell	388.2	–	6.8

NEW YORK ($)

Rises			
Columbia HCA	39¼	+	1⅛
Ges Motors	62¼	+	1¼
Lotus Dev	57⅛	+	1¾
OVC	49¼	+	2¾
SynOptics	27¾	+	⅞
Falls			
Technical Comms	11	–	2¼

New York prices at 12.30pm.

LONDON (Pence)

Rises			
Ackell Assoc	25	+	5
Caird	113	+	1½
Calebread Roy A	63	+	7
Carpetright	293	+	14
Essex Furniture	271	+	17
Haemocell	88	+	12
High-Point	70	+	15
Honeysuckle	85	+	7
Jarvis Inv Co	183	+	45
Lloyd	225	+	12
National Power	491	+	15¾
Renco Oil	773	+	25½
Sleepy Kids	100	+	10
Zetters	120	+	10
Falls			
Autologuide	1450	–	100
Baldwin	121	–	9
Booth Indl	46	–	5
Eurotunnel Uts	555	–	23
Sketchl & S	137	–	8
Taws (John)	90	–	12

PARIS (FFr)

Rises			
Damart	5870	+	270
Taittinger	2995	+	145
Falls			
Bancaire Cie	926	–	19
Cred Lyon	782	–	28
Laborge Coppee	453.5	–	11.7
Peugeot	840	–	24

TOKYO (Yen)

Rises			
Sumitomo Marine	923	+	28
Falls			
Daimaru	591	–	39
M'bishi Paper	567	–	45
Nomtake	753	–	61
Obama Corp	740	–	63
Tokyo Dome	1850	–	150

Alice Rawsthorn reports on the French insurer's plans ahead of privatisation

UAP seeks cash as part of sale

Union des Assurances de Paris (UAP), the largest French insurance group, is in negotiations with the government to raise cash for its international expansion plans as part of its forthcoming privatisation.

Mr Jacques Friedmann, chairman of UAP, yesterday said that he was discussing with government officials the possibility of including a capital increase within the privatisation package.

"We do want to stage a capital increase," he said. "But it hasn't been decided yet whether we will do it at the same time as the privatisation or in a separate issue afterwards. The final decision will depend on the condition of the stock market."

UAP is scheduled as the next company for sale in the French government's privatisation drive. The economy ministry is expected to launch the disposal, which will involve selling the state's 50 per cent stake in UAP at an estimated value of up to FFr28bn ($4.7bn), as soon as it is convinced that the stock market has digested the Elf Aquitaine issue.

Mr Friedmann declined to comment on how much money UAP hoped to raise from the proposed capital increase. However, he said that the group needed cash to finance its investment plans and to complete existing deals such as its recent purchase of the international interests of Victoire, the French insurer.

UAP late last year took control of Victoire's international business by buying the 78.8 per cent stake owned by Suez, the French holding company. It also has an option to buy the remaining 21.2 per cent from the Oppenheim group, which will be exercisable in September at a fixed price of DM1.2bn ($680m). This means that it needs to raise capital to fund the deal by the autumn.

"In the past we've been able to finance acquisitions by issuing new shares because the state has agreed to reduce its stake," said Mr Friedmann. "After privatisation that course of action will no longer be open to us. We have a low level of debt but we will need extra capital."

The usual pattern for French privatisations is for the government to use the sale solely as an opportunity to sell its own shares. However, some companies have been permitted to stage capital increases for their own purposes, including Banque Nationale de Paris (BNP), the banking group which was privatised last autumn.

Capitalising on connections in high places

Whom you know is very important in the French corporate scene and there can be few people better connected than Mr Jacques Friedmann.

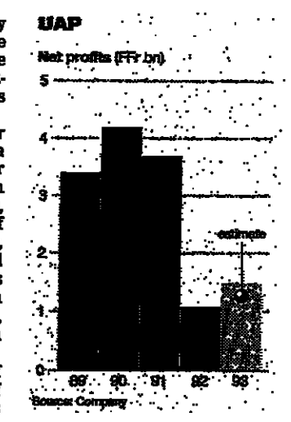
Mr Friedmann, 61, is a former chairman of Air France and a close friend of both favourites for the conservative candidacy in next year's presidential elections, Mr Jacques Chirac, mayor of Paris, and Mr Edouard Balladur, prime minister. Yet he will need all his valuable contacts in his new role as chairman of Union des Assurances de Paris (UAP), the next company to be sold in the French privatisation drive.

The completion of the sale of the government's stake in Elf Aquitaine, the oil group, clears the decks for the sale of the state's 50 per cent UAP holding, which could be worth between FFr25bn and FFr28bn. Mr Friedmann, after only three months at UAP, faces the challenge of steering France's largest insurer and biggest institutional investor into the private sector.

He is absolutely adamant that it is ready for sale. "Of course we're ready," he said in an interview with the FT at his elegant office at UAP's headquarters on Place Vendôme in Paris. "Is there any reason why we shouldn't be?"

The analysts who follow UAP are less enthusiastic. Its net profits fell from a peak of FFr4.2bn in 1990 to FFr1.06bn in 1992. Mr Friedmann recently warned that it only managed a modest recovery to FFr1.5bn in 1993. Banque Worms, its troubled banking subsidiary, is still in the red.

The French insurance market is still beset by recession. UAP, like other state controlled insurers, is burdened by heavy overheads. It also has to digest its latest acquisition – a controlling stake in Colonia, the big but somewhat battered German insurer.





Jacques Friedmann, chairman of UAP: 'Of course we're ready for sale. Is there any reason why we shouldn't be?'

"What we really want is firm evidence that UAP is tackling its long-term profitability problem, and that will involve some difficult decisions about costs," said one analyst. "It also needs a clear international strategy. It's all very well buying businesses, but it has to prove that it can run them."

Mr Friedmann insists that UAP will deliver on both counts. One of his top priorities is to modernise the huge domestic network. He does not, however, envisage doing so by shedding staff. Instead he hopes to maintain roughly the same workforce, but to improve productivity through investment in technology and by drumming up new business.

Where does he expect to find new business in the intensely competitive French insurance market? "From the reform of the state pension and health insurance systems," he replied. "These reforms will create huge new markets and the big insurers like UAP are best placed to benefit."

How can he hope to compete against the UK and US insurers, which have had more experience in the pensions sphere and see it as an *entrée* into the French market? "We have expertise too," he said. "We also have excellent contacts with large French companies. They've been coming to us for years for big commercial policies and they'll come for their employee pension plans."

On the international front Mr Friedmann plans to expand UAP's activities outside Europe, which now account for just 3 per cent of turnover. He sees investment in established markets, such as the US and Japan, as "too costly" and plans instead to concentrate on emerging markets in Asia and South America.

"There are lots of markets, particularly in Asia, that are only just opening up," said Mr Friedmann, who recently acted as Mr Balladur's intermediary in a successful effort to reopen commercial relations with China. "Our European competitors are already moving into China. We've got to move there too – sooner rather than later."

His plans for expansion in Europe are more modest. UAP has for some time been interested in acquiring a damage insurer in the UK. "It is the only obvious gap in our European network and we hope to fill it," said Mr Friedman, although he declined to comment on recent speculation that UAP was in talks to acquire The Provincial.

In the meantime he is about to embark on a major restructuring of UAP's European network which includes Royal Belge in Belgium and Sun Life in the UK as well as Colonia. "We need to take a long look at all our European subsidiaries," he said. "Some will merge and some will remain independent."

Mr Friedmann also plans to create a centralised European management team. "We're entering a new phase for UAP," he said. "We're no longer a huge French company with a handful of small foreign operations. We now have a number of businesses in other countries of the same stature as the original UAP in France. My job as chairman is to make sure that we have the right management resources to function on an international scale."

AT&T recruits Digital executive

By Andrew Adonis in London

American Telephone & Telegraph, the US telecommunications giant, has appointed Mr Pier Carlo Falotti, the former European head of Digital Equipment, the computer manufacturer, as its first European chief executive.

The appointment signals the priority AT&T gives to building its European business as Europe's telecoms market undergoes radical liberalisation.

Mr Falotti, who left Digital in July 1992 and has since been chief executive of ASK, a US software group, is well regarded in Europe's computer industry and well placed to spearhead AT&T's European ambitions. His appointment comes at a important stage in negotiations between AT&T and the French and German state telecommunications companies about a possible alliance.

AT&T is also keen to break into UK telecoms. It is in talks with Energis, the subsidiary of National Grid which is to launch a third national long-distance telecoms network in April, about taking a one-third stake in the new operator.

Mr Falotti, 51, will report directly to Mr Victor Pelson, AT&T's head of global operations and effectively deputy to Mr Bob Allen, the chairman. AT&T already has 25,000 employees in Europe, about half acquired with the takeover of NCR, the computer company.

Mr Pelson said AT&T looked to Mr Falotti "to expand our presence, and build our relationship with European partners and customers." Mr Falotti said he preferred to build AT&T's presence through partnerships, not confrontation. "You must have an availability to partner in this industry", he said.

Outside the UK, AT&T's capacity to compete in Europe is limited by monopoly restrictions in force until 1998, the European Union's deadline for the introduction of competition in basic voice services.

Mr Falotti said he would also be looking for "practical opportunities" to further AT&T's multimedia ambitions. His responsibilities include the Middle East and Africa. AT&T has only one other regional president, for Asia-Pacific. It recently appointed a country president for the UK.

Among other European appointments, Mr Falotti has served as chairman of the advisory council of IMD, the business school in Lausanne, Switzerland.

Jefferson Smurfit's US side unveils refinancing package

By Richard Waters in New York

Jefferson Smurfit/Container Corp of America, one of the US's biggest paper and packaging groups, is preparing for a public flotation as part of a multi-billion dollar recapitalisation plan.

The financial restructuring will also involve raising $1.5bn of bank debt, marking one of the biggest leveraged bank financings since the 1980s.

The company, which is owned half by Jefferson Smurfit Group of Ireland and half by an equity fund run by Morgan Stanley, was the creation of two leveraged buy-outs in the 1980s.

It has struggled through the 1990s under a heavy weight of junk bond-financed debt, exacerbated by the effects of weak paper markets. The paper industry as a whole has barely broken even since 1990.

The company, with sales of $3bn in 1992, is the largest recycler of waste paper in the US, and one of the largest producers of paperboard, packaging and newsprint.

The flotation would bolster the company's equity base and give it access to further capital. The strength of the stock market is believed to have led the company to bring forward plans for a flotation.

Using bank debt to pay off some of the company's bonds, meanwhile, would reduce interest costs and strengthen its cash-flow.

The company carries a single-B non-investment grade (or junk) bond rating, though bankers hope an improvement in its financial condition will enable it to reach a double-B rating before long.

While the US junk bond market reached record levels of new issuance last year, banks have remained cautious about backing large financings for non-investment grade companies.

However, a lack of new opportunities to lend, at a time when banks in the US are in better financial health than for many years, is beginning to reawaken interest in leveraged deals.

The proposed bank deal has met a generally favourable reception among financiers in New York. "The mills are world-class operating entities, and the company's management is very strong," said one banker who had been approached about participating in the transaction.

Recent experience at other paper companies suggested the industry had overcome some of its over-capacity problems and had been able to sustain price rises, he added.

Ford plans to increase its stake in Hertz to 54%

By Kevin Done, Motor Industry Correspondent

Ford, the US motor vehicle manufacturer, is planning to increase its stake in Hertz, the world's largest vehicle rental company, to 54 per cent.

Ford said it was going to buy the 5 per cent stake held by Commerzbank of Germany, which approached Ford about disposing of the holding. None of the financial details of the deal have been disclosed.

Hertz is currently 49 per cent owned by Ford, while Volvo, the Swedish vehicle maker, holds 26 per cent. Another 20 per cent is controlled by Hertz management.

The car rental group is the largest single private purchaser of new vehicles in the US. It has a domestic rental fleet of around 230,000 vehicles and a worldwide fleet of 420,000.

Vehicle makers have established dominant positions in most of the world's leading vehicle rental groups in recent years, and Hertz already plays an important role for Ford as its biggest single private customer.

Around 70 per cent of Hertz's vehicle purchases in the US are from Ford, while the US carmaker supplies a third of Hertz's fleet in Europe.

Last year Hertz marginally improved its net income to $53m, from $51m, on turnover of $2.85bn compared with $2.32bn.

Ford acquired 80 per cent of Hertz in 1987, when it helped the management to purchase the company from UAL (Allegis Corporation) for $1.3bn. Ford said then that it planned to expand the ownership base in order to reduce its holding to a minority position.

The US group said yesterday it had obtained the necessary US regulatory approvals to return to a majority position. It expected the deal to be approved by the European Commission.

GERMANY

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Alcatel to win Framatome control

By John Ridding in Paris

Alcatel Alsthom, the French telecommunications, engineering and transport company, appears set to gain control of Framatome, the state-owned nuclear power station group, according to an official at France's atomic energy authority.

Mr Philippe Rouvillois, the general director of CEA Industrie, who has been charged by the government to draw up plans to privatise Framatome, said that Alcatel Alsthom was likely to be offered a further 15 per cent of Framatome's shares in addition to its existing stake of 44 per cent.

In an interview with Les Echos, the French financial daily, Mr Rouvillois said that Alcatel Alsthom could be offered part of CEA Industrie's stake in Framatome and the 5 per cent of Framatome held by Crédit Lyonnais, the state-owned bank.

EdF, the state electricity group would maintain its holding in Framatome at 10 per cent and the 5 per cent stake held by Framatome employees would also be unaffected.

The proposed share structure would leave the state with a blocking stake of about 34 per cent, according to Mr Rouvillois. "This would guarantee the preservation of essential interests in nuclear policy and in the company's co-operation with Siemens of Germany," said Mr Rouvillois.

The conclusion of the deal is expected to be reached within the next two or three months, according to Mr Rouvillois, following the valuation of the shares in the nuclear power station company and approval by the privatisation commission, an independent body which advises the government on the sale of state assets.

Mr Pierre Suard, Alcatel's chairman, has made no secret of his desire to gain control of Framatome. He believes the two groups would complement each other, with Framatome's strength in the construction of nuclear power stations combining with Alcatel Alsthom's presence in conventional power generation.

The Daya Bay project in China, in which Alcatel was involved in the construction of the conventional power units and Framatome led the nuclear reactor project, is seen as an example of how the groups could combine their activities.

In 1990, Alcatel Alsthom briefly managed to acquire a majority stake in Framatome, raising its holding from 40 per cent to 52 per cent. But the socialist government of Mr Michel Rocard forced Alcatel to reduce its shareholding.

Framatome, which also has activities in electronic components, has annual sales of more than FFr12bn ($2.02bn). In 1992, the latest year for which figures are available, it reported net profits of FFr900m.

Rousselet resigns as Canal Plus chairman

By Alice Rawsthorn in Paris

Mr André Rousselet yesterday resigned as chairman of Canal Plus, the French media group, in the latest instalment of his bitter row with its main shareholders.

The resignation follows the announcement on Friday that Mr Rousselet was leaving the board of Havas, the French leisure group which is Canal Plus's largest shareholder, in protest against plans to merge its holding with those of Générale des Eaux, the industrial group, and Société Générale, the bank.

Mr Rousselet, 72, has for years been a pivotal figure on the French media scene. He will be succeeded as chairman by Mr Pierre Lescure, 48, Canal Plus's chief executive who has for some time been groomed as Mr Rousselet's heir apparent.

The departure of Mr Rousselet, who founded Canal Plus in 1984 and has since turned it into one of Europe's most successful television groups, comes at a very difficult time for the company, which is preparing to renegotiate with the French government the terms of its French pay-TV franchise.

The original 10-year franchise was negotiated before Canal Plus's launch when no-one realised how successful the new pay-TV channel was going to be.

The government is now expected to try to strike a tougher deal and to force Canal Plus to help France's ailing cable television system.

Mr Lescure is also taking over at a time when Canal Plus is under financial pressure because of difficulties with some of its new ventures.

The group has already warned that it faces a steep fall in profits this year from around FFr1.2bn ($202m) in 1993.

Finally, the new chairman will have to try to smooth over Canal Plus's fractured relationship with Havas and Générale des Eaux after the row with Mr Rousselet.

BCI set to benefit from the bandwagon effect

Italy's ambitious privatisation programme took another step forward yesterday with the publication of the prospectus for Banca Commerciale Italiana, one of its top financial institutions.

The deal follows two other bank sales. In December, the IRI state holding company, which controls BCI, sold its stake in Credito Italiano, BCI's slightly smaller Milan neighbour. Earlier this month, the Treasury floated almost 220m shares in Istituto Mobiliare Italiano, the big financial services group. Together, the two deals raised more than L4,000bn ($2.37bn). Selling BCI should raise about L3,000bn.

The BCI offer, in which IRI is selling its 54 per cent holding, should echo the success of its predecessors. The bank, still probably Italy's most prestigious financial institution, is successful at home and familiar abroad. Its international links date back a century to its foundation in 1894 by Swiss, German and Austrian financial institutions.

The sale should be plain sailing thanks to the bandwagon effect of the two previous privatisations, both of which were heavily oversubscribed, and the bullish stock market, with share prices up by 9.4 per cent this year.

So great is the confidence about the BCI deal that many analysts believe the shares will be sold at a substantially smaller discount to the stock market price than for Credito Italiano or IMI. Credito Italiano stock was sold at almost 10 per cent below market prices, while IMI was priced at a 6 per cent discount.

Investor enthusiasm should also be boosted by upbeat group results, due on Friday. BCI's parent company figures showed a 1.7 per cent rise in net profits to L268.2bn. The consolidated figures should mark a recovery from the L218.5bn made after tax in 1992, when earnings were hit by losses at BCI's French and Canadian subsidiaries.

The earnings rise would be stronger but for higher bad debt and tax provisions, notes Mr Sergio Siglienti, the chairman. BCI had to set aside an extra L200bn at parent company level to cover potential bad debts last year, while its tax bill rocketed by 145 per cent to L713bn because it has used up all its remaining tax breaks from buying a loss-making IRI subsidiary.

Yet in spite of the bullish sentiment towards BCI's privatisation, some doubts remain. First, the sale is taking place against rising controversy about Italy's banks in the mushrooming political corruption scandal.

This month has seen the temporary resignation of the heads of two top banks owing to alleged corruption. The revelations have triggered criticism of the Bank of Italy for poor supervision and the banking sector in general, where largely state-controlled banks have been accused of pursuing politically-influenced lending policies.

Haig Simonian looks at the latest move in Italy's privatisation programme

The taint has reached BCI itself. Two former executives have been enmeshed in the scandals. One, Mr Enrico Braggiotti, is a former chairman who still chairs a Monaco-based bank 40 per cent owned by BCI.

Mr Siglienti says his bank has managed to steer clear of most of Italy's worst corporate rescue deals thanks to careful lending. Its total exposure to Ferruzzi, the troubled industrial group which is at the heart of a big corruption inquiry, is only about L700bn. Only about a third of that is tied up in the company's debt rescheduling package, he says.

In spite of his protestations, however, analysts note that BCI's lending to now-troubled companies grew sharply in the early 1990s, just as political influence over formerly independent Milan-based banks such as BCI and Credito Italiano appeared to be rising.

The other imponderable concerns BCI's future. Mr Romano Prodi, the IRI chairman, says he wants to turn the former subsidiaries into true "public companies" with a wide shareholder base. Following its share sale, Credito Italiano now has about 200,000 shareholders.

A similar destiny should await BCI were it not for lingering doubts about the plans of Mediobanca, the powerful merchant bank run by Mr Enrico Cuccia, the legendary *eminence grise* of Italian finance.

Precise information about Mr Cuccia's plans are obscured by Mediobanca's traditional refusal to talk to the press, creating an aura of mystery about the bank and its honorary chairman. However, some analysts believe Mr Cuccia still nurses ambitions to gain control of BCI by forming a small core shareholders' group led by Mediobanca. Privatisation, they believe, will give Mr Cuccia his chance.

The government appears to be divided over the question of shareholder pacts, in spite of Mr Prodi's obvious hostility. But even those in favour of core groups, which can have a disproportionately large sway over companies in which they invest, believe they should be obliged to pay a premium for the privilege.

Hence the background to Italy's latest privatisation rules, now being discussed in parliament. The rules would require investors creating a pact in a newly-privatised company to launch a public tender offer for part of the remaining stock within two years of the flotation.

If the proposed regulations are put in place, they could balloon the cost to Mr Cuccia of forming such an alliance. However, the rules are still unclear and may not become law before parliament winds down before next month's general elections. Moreover, they may only cover share pacts formed post-privatisation.

Hence the reason, according to some analysts, for the very sharp recent rise in BCI's stock price as potential pact members buy equity ahead of the enactment of the new rules. Others, however, dismiss such theories as fanciful and attribute the rise to mere speculation.

Tiphook sale may raise only £690m

By Andrew Bolger in London

Tiphook, the debt-laden UK transport leasing group, has further reduced the estimate of the price it will receive for its container business from Transamerica, the US financial services group.

Tiphook first announced the proposed sale of its largest asset for £830m ($1.22bn) in November, but last month reduced the figure to a maximum of £757m.

Last night, the group said that it would now receive up to £734m from the sale. Of that, £44.25m will be placed in an escrow account and be subject to further claims by Transamerica, so the group may receive only £690m.

The proceeds will be used to reduce Tiphook's debts, which ballooned to more than £1bn last year, breaking banking covenants and causing a collapse in the group's share price.

The group continues to borrow money from its banks and said that without their support, and in the absence of other financing, "the directors believe that the group would be forced into either administration or liquidation."

The group's accounts are being prepared on a "going concern basis".

Lex, Page 16

Disney starts talks with banks

By Alice Rawsthorn

Walt Disney, the US entertainment group, yesterday began negotiations over the emergency financial restructuring of Euro Disney at a meeting with its European subsidiary's banks in Paris.

The banks demanded at the meeting that the US group, which owns 49 per cent of Euro Disney, should play a fuller part in the restructuring. They proposed a number of concessions that Walt Disney might make: notably reducing its entitlement to royalties on the income from admissions, catering and merchandise at the EuroDisneyland theme park.

Walt Disney repeated its earlier warnings that unless the banks agree to an outline deal by March 31, it will withdraw its financial support for Euro Disney. The European company, which is burdened by huge losses and heavy debts, has since the start of this year been financially dependent on its US parent and, without its backing, would be forced to close.

The banks are still awaiting the completion of a full audit on Euro Disney's financial position that they have commissioned from KPMG Peat Marwick and is scheduled for completion by February 22. However, they estimate that Euro Disney will need a capital injection of FFr12bn to FFr13bn, to reduce its FFr20.3bn (US$3.41bn) net debt to a more manageable level.

This figure is slightly higher than the FFr10bn injection proposed last autumn by Walt Disney. The US group had suggested raising the money through the combination of a rights issue and debt-for-equity swap. The banks yesterday proposed examining a more complex solution with a bigger role for Walt Disney.

The banks discussed a range of options such as relaxing the terms of Euro Disney's present loans and changing the payment dates as well as renegotiating Walt Disney's royalty agreements, which were worth FFr262m in the last financial year.

Walt Disney and Euro Disney are separately negotiating with the French government and Caisse des Dépôts, the state-controlled financial institution, to relax the terms of the latter's FFr4.8bn fixed-rate loans.

Ytong acquires Bulgarian group

By Theodor Troev in Sofia

Ytong Holding, the German construction and housing group, yesterday bought 80 per cent of Gazobeton, Bulgaria's leading concrete producer, in the first major privatisation deal in Bulgaria's construction sector involving a foreign investor.

Ytong has paid DM4m ($2.3m) for the two-year-old company and will spend a further DM5.6m over the next five years to modernise the plant.

Mr Dieter Goerres, Ytong's technical director, said the acquisition was another large step in the company's expansion in eastern Europe.

Ytong had a 1993 turnover of DM887m and has stakes in 20 industrial and housing construction plants in 15 European countries with more than 3,000 employees. Its main markets are Germany, France, Austria, the Netherlands, Belgium and Portugal.

The company first made acquisitions in eastern Europe in 1992 and now owns several construction plants in Hungary, the Czech Republic and Croatia. Mr Goerres said the company and its main competitor, Hiebel of Germany, are the biggest producers and traders of concrete in Europe.

The new company, Ytong-Bulgaria, plans to target local markets and neighbouring Greece, Turkey and Macedonia. Ytong has already established a trading company in Greece.

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July 1993
8,000,051 American Depositary Shares
Representing
80,000,510 Ordinary Shares
Teva Pharmaceutical Industries Limited
Price $20⅛ Per ADS

April 1993
3,795,000 Shares
COMVERSE TECHNOLOGY, INC.
Comverse Technology, Inc.
Common Stock
Price $15⅛ Per Share

April 1993
2,646,150 Shares
Gilat Satellite Networks Ltd.
Ordinary Shares
Price $12 Per Share

November 1993
COMVERSE TECHNOLOGY, INC.
U.S. $60,000,000
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U.S. $50,000,000
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HUNGARIAN INTERNATIONAL BANK LTD

LONDON

The board is pleased to announce for the year ended 30th September 1993 an audited pre-tax profit of £3,246,478. Extracts from the consolidated balance sheet are:

Issued fully paid capital	£10,000,000
Reserves	23,922,186
Primary capital undated loan stock	9,928,515
Subordinated unsecured undated loan stock	2,000,000
Consolidated primary capital	£45,850,701
Consolidated balance sheet total	£243,252,444

During 1993 the bank maintained a high level of liquidity and low gearing:

Liquidity	43.1%
Primary capital/total assets	19.2%

On the 7th February 1994, National Bank of Hungary subscribed for an additional twelve million ordinary shares of £1 each. The proceeds were used to repay the U.S. $15,000,000 primary capital floating rate undated loan stock and the £2,000,000 subordinated unsecured undated loan stock.
The following statement shows the effect of those changes on the shareholders' funds as if they had been made on 30th September 1993.

Issued fully paid capital	£22,000,000
Reserves	23,850,701
Shareholders' funds	£45,850,701

From 7th February 1994, shareholdings are:

National Bank of Hungary	86.36%
National Savings and Commercial Bank Ltd	6.82%
Hungarian Foreign Trading Bank Ltd	6.82%

Dr. J. Rajna, President & C.E.O.

The above information is extracted from 1993 audited report and accounts. To receive a copy of the 1993 report and accounts contact the Company Secretary on 071-606 5371 or write to: Princes House, 95 Gresham Street, London EC2V 7LH.

Mexican group to pay $708m for hotel chain

By Damian Fraser in Mexico City

The Japanese construction company Aoki Corporation has agreed in principle to sell the Westin Hotel & Resort chain for $708m to a group of investors led by Bernardo Dominguez, the chief executive of DSC, a large Mexican business.

DSC is a privately-owned company with interests in construction, property and tourism. It owns several four-star hotels in Mexico, and the country's largest travel agency.

Mr Pablo Macedo, head of DSC's tourism group, said the new owners would expand the Westin hotel chain in Europe and Latin America. He said DSC would not run the Westin hotel group, but that Mr Dominguez, as chairman of the board, would play an important part in overseeing its operations.

The letter of intent to conclude the transaction was signed between the two groups at the weekend. The investors will pay about $255m of the transaction immediately, and raise the rest of the money in bond offerings, according to El Financiero newspaper. The investors will, as part of the deal, take on existing debt of the Westin group.

The Aoki Corporation bought Westin Hotel & Resort in 1988. The chain operates some 75 hotels in 19 countries. It has more than 42,000 rooms, and reported revenues of about $420m.

Mr Macedo said the investors would only buy about 50 of the hotels, with those in Asia remaining in the hands of the Aoki Corporation. Westin has six hotels in Canada, six in Mexico and about 40 in the US.

El Financiero reported that Mr Dominguez and his group were looking for other partners to invest in the hotel chain. The newspaper said final details of the transaction would be wrapped up in about six months.

Special tax adjustments lift Placer Pacific net

By Nikki Tait in Sydney

Placer Pacific, the Australian mining group controlled by Canada's Placer Dome, yesterday reported record after-tax earnings of A$110.3m (US$79.1m) in the year to end-December. The group has a minority of its shares listed on the Australian and New Zealand stock exchanges.

The improved result, which compares with A$74.9m the previous year, was entirely due to to special tax adjustments. Placer Pacific's operating profit before taxes and outside equity interests for the 12 months stood at A$129.7m, compared with A$154.2m last time.

The company's revenues in the period fell from A$623.5m (including a A$6.7m special item) to A$532.3m. Placer said this was partially due to the sale of a 5 per cent interest in the Porgera gold mine in Papua New Guinea to the PNG government. The sale reduced its interest in the mine to 25 per cent.

Lower production at Porgera, and at the Misima mine, also in PNG, also dented revenues. This, however, was partly offset by higher production at the Kidston and Granny Smith mines in Australia.

Placer said gold production from Placer-managed mines was 1.89m ounces, compared with 2.32m ounces in 1992, and ahead of early forecasts. The company's equity share of gold production was 829,064 ounces compared with 1.03m ounces in 1992.

Although costs overall fell, the lower level of gold production meant cash cost per ounce rose from A$227 to A$252.

Placer said it expected to increase "significantly" its exploration budget for 1994, to fund expansion of its exploration programmes into Asia. Countries targeted include Indonesia, China, the Philippines and Myanmar.

When less means more on the US skyways

The big carriers are struggling against small low-cost airlines, writes Richard Tomkins

Which is the most profitable airline in the US? The mighty United Airlines, the nation's biggest carrier in terms of passenger miles flown? American Airlines, relegated this year to the number two slot? Delta Air Lines, still at number three?

The answer is none of the above. All three of the biggest airlines reported yet another year of heavy losses, while by far the largest profits came, once again, from Southwest Airlines, the relatively small, Texas-based carrier transforming the US air travel market with its low-cost, no-frills services.

The US airline industry, at least as represented by the big carriers, is still an industry in crisis.

The fundamental problem is that too many seats are chasing too few passengers. The only airlines doing well are those with costs so low they can offer cheap fares and still make a profit – and that means airlines such as Southwest.

Still, the last year has not been quite as disastrous as the preceding three for the larger carriers. In the third quarter, traditionally the strongest because it includes the busy summer holiday season, most airlines managed to creep back into profit. The fourth-quarter figures, though showing most of the airlines back in loss, show the same improving trend, too.

Admittedly, the improvement may not be evident in the results from American, Delta and Continental. However, in each of these cases there were special factors.

American suffered a five-day strike by its flight attendants that wiped an estimated $190m from after-tax income; Delta took a pre-tax charge of $112.3m for the early retirement of nearly 1,500 workers; and the comparison at Continental has little meaning because the airline emerged from bankruptcy protection as a new company in April 1993.

With or without these special factors, all the big airlines performed significantly better in 1993 than in the year before. Partly, this reflected efforts to get costs down to a level nearer the small carriers'.

They shed thousands of jobs, and tried, with varying success, to get more efficient working practices out of their remaining employees. They also reduced capacity, retiring older aircraft and deferring delivery of new ones, and dropped some loss-making routes.

With those efforts continuing into the current year, and the economy still showing modest growth, stock market analysts are expecting a further improvement in the figures for 1994.

US AIRLINES - THE LONG HAUL BACK (excluding one-time charges for changes in accounting rules)

	4th qtr ($m)		Year ($m)		Revenue passenger miles (bn)	
	1993	1992	1993	1992	1993	1992
United Airlines	(64)	(224)	(50)	(417)	101	93
American Airlines 1*	(253)	(200)	(110)	(475)	97	97
Delta Air Lines	(141)	(144)	(226)	(601)	83	81
Northwest Airlines	11	(695)	(115)	(971)	58	59
Continental Airlines 2*	(27)	(14)	(36)	(125)	42	43
US Air	(117)	(254)	(349)	(601)	35	35
Trans World Airlines 3*	n/a	(222)	n/a	(318)	23	29
Southwest Airlines	38	27	154	97	19	14
America West	10	(18)	37	(132)	11	12

Notes: 1 Figures for AMR Corp 2* Emerged from bankruptcy 29 April 1993. Comparisons with 1992 figures not meaningful 3* 1993 figures not yet published.*

In fact, they believe the industry could make its first profit since the economic boom of the late 1960s, with net income of between $1bn and $1.5bn for the full year. Even so, the celebrations are decidedly muted.

The reason is the big carriers are still far from delivering an acceptable profit margin, and profound uncertainties remain to be resolved before they do so. The biggest of these is the likelihood that domestic fares will plunge still lower, as the large carriers copy small ones by setting up low-cost, no-frills subsidiaries to handle short-haul flights.

United's employees have already agreed to the company's plan to set up a low-cost airline-within-an-airline in exchange for a controlling stake in the company's equity.

Delta is awaiting the results of an internal review which will decide whether it follows the same route. The largely non-union Continental is a step ahead of both with its low-cost operation nicknamed CALite offering "Peanuts Fares" on many routes.

A telling sign of the downward pressure on fares came when USAir recently responded to severe price competition from Continental and Southwest by slashing fares on hundreds of routes in the eastern US by up to 50 per cent.

This was not just a special promotional offer hedged about with conditions and restrictions: the cuts applied to business fares as well as leisure fares, and will last indefinitely.

The picture is not entirely gloomy. Airline capacity is lower this year, and passenger numbers should rise. However, with the competitive pressures on fares showing no signs of easing, the big carriers are caught in a cycle where each cost-saving is needed to deliver the next fare cut instead of flowing through into a profits recovery.

"Sure, I think there will be some spells of 12 to 18 months where we see some nice numbers," says Mr Kevin Murphy, an airline analyst at Morgan Stanley, the Wall Street investment bank. "But can I foresee a period of five or six years of decent profits? Not for the balance of the decade."

Record investment at Venezuelan telecom

By Joseph Mann in Caracas

CANTV, Venezuela's nationalised telecommunications company, is lifting capital investment for 1994 to US$705m, its largest annual outlay. Investments this year are part of a $6bn capital spending programme planned for up to 2000.

CANTV, formerly owned by the Venezuelan government, has since 1991 been controlled by an international consortium headed by GTE of the US. Other non-Venezuelan partners in the consortium are Spain's Telefónica and AT&T.

CANTV's capital investments in 1993 totalled $650m.

Just over 67 per cent of this year's investments will be used to expand telecommunications services; 5 per cent will go to new services, 15 per cent to modernisation, and 11 per cent to services, including mobile phones.

The privatised company has improved Venezuela's telecommunications services substantially since it took over. However, it still has a long way to go in establishing a reliable and modern network for its population of 20.7m.

Mr Bruce Haddad, CANTV's president, said demand for 1m new telephone lines would not be met until the end of the decade.

CanPac plans to raise C$500m

By Robert Gibbens in Montreal

Canadian Pacific, the transport, resources, hotel and property group, is raising C$500m (US$373.1m) with a new equity issue.

Net proceeds of C$484m after costs will be used to repay debt and for investment in its principal businesses.

"The new equity will raise flexibility and put our balance sheet on a sound footing, just as prospects are improving with economic recovery," Mr William Stinson, chairman, said.

CP stock hit a 52-week high of C$24.25 in the market last week after the company reported a stronger than expected turnround in 1993.

The group has been restructured over two years of recession, and mining and forest products interests have been sold. The writedowns required have already been made.

Before unusual items, fourth quarter net profit from continuing operations was 34 cents a share, nearly twice what many analysts had expected. For all 1993, profit equalled 76 cents a share, against 34 cents in 1992.

Freight rail operations led the fourth-quarter upturn with a 15 per cent gain in volume, while energy and most other businesses did better for the full year.

Analysts expect a weaker first quarter this year, but Mr John Johnson, of Richardson Greenshields Canada, says "CP's earnings are at a full recovery setting".

CP will file a short-form prospectus for the issue of 22m common shares at C$22.75 a share tomorrow. The offer closes March 10 and is not being registered in the US. RBC Dominion Securities leads the underwriting group.

Steel mill operator surges despite high scrap prices

By Robert Gibbens

Co-Steel, with mini-mills in Canada, the US and UK, reported an impressive recovery in 1993 in spite of rising scrap prices.

Strengthening US markets, record production and shipments and a lower Canadian dollar help to lift net income to C$36.4m (US$19.7m), or 87 cents a share, from C$3.2m, or 11 cents, in 1992 on sales of C$1.06bn, a jump of 21 per cent.

Shipments rose 6.5 per cent to 2.4m tonnes.

Fourth-quarter profit amounted to C$7.4m, or 24 cents a share, compared with C$2m or 7 cents a year earlier,on sales of C$280m, up 30 per cent, with higher selling prices.

The British scrap operations did well but the Sheerness mini-mill continued to lose money because of the recession.

Co-Steel is due to start up a US$300m joint venture thin-slab mini-mill in Kentucky in 1995. It is also considering a US$200m mini-mill project in the US midwest.

NOTICE OF REDEMPTION
TO THE HOLDERS OF

Ensco International N.V.
(F/K/A Blocker Energy International, N.V.)

8¼% Convertible Subordinated Debentures Due 1995

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Indenture dated as of July 1, 1980 between Ensco International N.V. (f/k/a Blocker Energy International, N.V., the "Company") and IBJ Schroder Bank & Trust Company, as Successor Trustee, the Company has elected to redeem all of its outstanding 8¼% Convertible Subordinated Debentures Due 1995 (the "Debentures") on March 15, 1994 (the "Redemption Date") at 100% of the principal amount thereof plus accrued interest to the Redemption Date of $58.2083 per Debenture for a total redemption price of $1,058.2083 per $1,000 Debenture (the "Redemption Price").

The Debentures will no longer be deemed outstanding on and after the Redemption Date and interest will cease to accrue. On said date the Redemption Price will become due and payable on each of the Debentures called for redemption.

The Redemption Price will be paid upon presentation and surrender of the Debentures at the office of the following Paying Agents with all unmatured coupons appertaining thereto:

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New York, New York 10004

Pursuant to the Debentures and in accordance with the terms of the Indenture, Holders may at any time, to and including March 15, 1994, convert such Debentures or any portion of the principal thereof which is $1,000 or a multiple of $1,000 into common stock of the Company at the conversion price $21.875 which is equal to 45.7143 shares of common stock for each $1,000 principal amount of the Debenture surrendered for conversion. In order to exercise the conversion right, Holders must execute the Form of Conversion Notice printed on the reverse of the Debenture.

The method of delivery is at the option and risk of the holder, however, transmission by registered mail, properly insured, is suggested as a precaution against loss.

Any questions relating to this Notice of Redemption should be directed to the Customer Service Department of IBJ Schroder Bank & Trust Company at (212) 858-2040.

Payment pursuant to the presentation of the Debentures for redemption within New York City, or other payment made within the United States, including a payment made by transfer to a United States dollar account maintained by the payee with a bank in the United States, may be subject to reporting to the United States Internal Revenue Service (IRS) and to backup withholding of 31% of the gross proceeds if a payee fails to provide the paying agent with an executed IRS Form W-8 in the case of a non-U.S. person or an executed IRS Form W-9 in the case of a U.S. person. Those holders who are required to provide their correct taxpayer identification number and who fail to do so may also be subject to an IRS penalty of U.S. $50. Accordingly, please provide all appropriate certification when presenting the Debentures for payment, if applicable.

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as Successor Trustee

Dated: February 15, 1994

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NOTICE TO HOLDERS OF EUROPEAN DEPOSITARY RECEIPTS IN NIPPON SHINPAN CO. LTD.

EDR holders are informed of a dividend to holders of record date September 30, 1993. The cash dividend payable is Yen 4 per common stock of Yen 50.00 per share. EDR holders may now present Coupon No. 33 for payment to the undermentioned agents. Payment of the dividend with a 15% withholding tax is subject to receipt of a valid affidavit of residence in a country having a tax treaty or agreement with Japan giving benefit of the reduced withholding rate. Failing receipt of a valid affidavit Japanese tax will be deducted at the rate of 20% of the gross dividend payable. The full rate of 20% will also be applied to any dividend claimed after April 29, 1994.

EDR Denomination 1,000 shares	Gross Dividend $35.91	Dividend Payable less 15% Japanese withholding tax $30.53	Dividend Payable less 20% Japanese withholding tax $28.73

Depositary: Citibank, N.A., 336 Strand, London WC2R 1HB

Agent: Citibank (Luxembourg) S.A., 16 Avenue Marie Therese, Luxembourg

February 15, 1994

NOTICE TO HOLDERS OF EUROPEAN DEPOSITARY RECEIPTS IN SHARP CORPORATION

EDR holders are informed of a dividend to holders of record date September 30, 1993. The cash dividend payable is Yen 5.5 per common stock of Yen 50.00 per share. EDR holders may now present Coupon No. 26 for payment to the undermentioned agents. Payment of the dividend with a 15% withholding tax is subject to receipt of a valid affidavit of residence in a country having a tax treaty or agreement with Japan giving benefit of the reduced withholding rate. Failing receipt of a valid affidavit Japanese tax will be deducted at the rate of 20% of the gross dividend payable. The full rate of 20% will also be applied to any dividend claimed after April 29, 1994.

EDR Denomination 1,000 shares	Gross Dividend $49.64	Dividend Payable less 15% Japanese withholding tax $41.34	Dividend Payable less 20% Japanese withholding tax $38.91

Depositary: Citibank, N.A., 336 Strand, London WC2R 1HB

Agent: Citibank (Luxembourg) S.A., 16 Avenue Marie Therese, Luxembourg

February 15, 1994

Correction Notice

Credito Italiano
(Incorporated as a Società per Azioni in the Republic of Italy)
(Cayman Branch)

U.S. $100,000,000
Subordinated Floating Rate Depositary Receipts due 2000

NOTICE IS HEREBY GIVEN that for the Interest Period 8th February, 1994 to 8th August, 1994 the Depositary Receipts will carry a Rate of Interest of 4.025 per cent. per annum, with an Interest Amount of U.S. 202.37 per U.S. $10,000 Depositary Receipt and U.S. $2,023.68 per U.S. $100,000 Depositary Receipt. The relevant Interest Payment Date will be 8th August, 1994.

Bankers Trust Company, London Agent Bank



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tele communication



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In Turkey, Telecom has been awarded a licence to operate GSM services as a member of the Turkcell consortium. Telecom also holds equity in Pannon GSM, licensed to operate GSM services in Hungary. In central Europe, Telecom Finland serves international customers through a subsidiary in Brussels.

On January 14th 1994 Telecom Finland, together with Cable & Wireless of the UK, signed an agreement with the Latvian Ministry of Transport for the acquisition, over three years, of 49% of Latvia's national telecommunications operator, Lattelekom. Within ten years, Latvia will be served by a completely digital, state-of-the-art telephone network providing comprehensive national and international services.



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DECEMBER, 1993

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EDR holders are informed of a dividend to holders of record date September 30, 1993. The cash dividend payable is Yen 4 per common stock of Yen 50.00 per share. EDR holders may now present Coupon No. 80 for payment to the undermentioned agents. Payment of the dividend with a 15% withholding tax is subject to receipt of a valid affidavit of residence in a country having a tax treaty or agreement with Japan giving benefit of the reduced withholding rate. Failing receipt of a valid affidavit Japanese tax will be deducted at the rate of 20% of the gross dividend payable. The full rate of 20% will also be applied to any dividend claimed after April 29, 1994.

EDR Denomination 1,000 shares	Gross Dividend $35 37	Dividend Payable less 15% Japanese withholding tax $30 07	Dividend Payable less 20% Japanese withholding tax $28.30

Depositary: Citibank, N.A., 336 Strand, London WC2R 1HB
Agent: Citibank (Luxembourg) S.A., 16 Avenue Marie Therese Luxembourg

February 15, 1994

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BDR holders are informed of a dividend to holders of record date September 30, 1993. The cash dividend payable is Yen 5.5 per common stock of Yen 50.00 per share. BDR holders may now present Coupon No. 22 for payment to the undermentioned agents. Payment of the dividend with a 15% withholding tax is subject to receipt of a valid affidavit of residence in a country having a tax treaty or agreement with Japan giving benefit of the reduced withholding rate. Failing receipt of a valid affidavit Japanese tax will be deducted at the rate of 20% of the gross dividend payable. The full rate of 20% will also be applied to any dividend claimed after April 29, 1994.

BDR Denomination 1,000 shares	Gross Dividend $50.11	Dividend Payable less 15% Japanese withholding tax $42.59	Dividend Payable less 20% Japanese withholding tax $40 09

Depositary: Citibank, N.A., 336 Strand, London WC2R 1HB
Agent: Citibank (Luxembourg) S.A., 16 Avenue Marie Therese Luxembourg

February 15, 1994

NOTICE TO HOLDERS OF EUROPEAN DEPOSITARY RECEIPTS IN MITSUI & CO.

EDR holders are informed of a dividend to holders of record date September 30, 1993. The cash dividend payable is Yen 3.5 per common stock of Yen 50.00 per share. EDR holders may now present Coupon No. 52 for payment to the undermentioned agents. Payment of the dividend with a 15% withholding tax is subject to receipt of a valid affidavit of residence in a country having a tax treaty or agreement with Japan giving benefit of the reduced withholding rate. Failing receipt of a valid affidavit Japanese tax will be deducted at the rate of 20% of the gross dividend payable. The full rate of 20% will also be applied to any dividend claimed after April 29, 1994.

EDR Denomination 1,000 shares	Gross Dividend $31 42	Dividend Payable less 15% Japanese withholding tax $26.71	Dividend Payable less 20% Japanese withholding tax $25 14

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February 15, 1994

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Recession cuts jobs and output at Fokker

By Ronald van de Krol in Amsterdam

Fokker, the Dutch aircraft manufacturer, has unveiled plans for a drastic cut in aircraft output and jobs to cope with the continued deep malaise in the aviation industry.

The company, which came under majority control of Germany's Deutsche Aerospace (Dasa) last year, is to reduce the number of aircraft it manufactures to 40 a year from around 60. This will lead to the loss of some 1,900 jobs out of almost 10,000, marking the third major reorganisation at the company in the space of three years.

Mr Reinder van Duinen, who became acting chairman last month after a boardroom shake-up, denied the cuts had been imposed by Dasa, which owns 51 per cent of Fokker's shares.

"That is complete nonsense," he said in a statement to staff. "We must again cut jobs because the market is so bad. The market, and not Dasa, dictates to Fokker."

He said other aircraft manufacturers were being forced to take similar action, citing job cuts at Dasa and at Boeing and McDonnell Douglas of the US.

The cuts are harsher than those proposed by Mr van Duinen's predecessor, Mr Erik Jan Nederkoorn, who resigned on January 31 after a bitter row over the division of responsibilities within the board and the scale of the reorganisation.

The plans also call for Fokker's suppliers to reduce prices, thereby enabling the Dutch company to be able to meet customers' demands for lower selling prices. Mr Nederkoorn had previously sought a 30 per cent reduction in cost prices, but Mr van Duinen would not be drawn on the scale of cuts being negotiated.

Mr van Duinen said Fokker would remain a "fully fledged" aircraft maker despite the cut in production. During the takeover negotiations with Dasa last year, the Dutch had insisted the company retain a full complement of industrial capabilities, including the development, production and marketing of aeroplanes.

Mr van Duinen and his fellow board members declined to forecast when Fokker would return to profit or when the market for aircraft would recover.

Before the latest round of cuts, Fokker had predicted it would post a loss of Fl 150m ($76m) in 1993. Figures for 1993 are due in March.

Endesa lifts profits by 9.9% to Pta116bn

By Tom Burns in Madrid

Spain's largest utility, Endesa, the partially privatised state-controlled electricity distributor and generator, lifted consolidated net profit in 1993 by 9.9 per cent to Pta116.8bn ($819m).

This was despite slack domestic demand and a drought-induced fall in hydraulic production which forced a switch to more costly coal-fired operations.

The results, which brought earnings per share up to Pta449.3 from Pta408.8, were marginally ahead of forecasts.

They are likely to raise expectations that INI, the state holding company which owns 75 per cent of the utility, will further reduce its equity through an international share offer.

Endesa said it owed its profitability last year to lower overall debt – long-term debts fell sharply by 24 per cent while short-term borrowings increased by 16 per cent – to falling interest rates and the devalued peseta, and to internal cost controls.

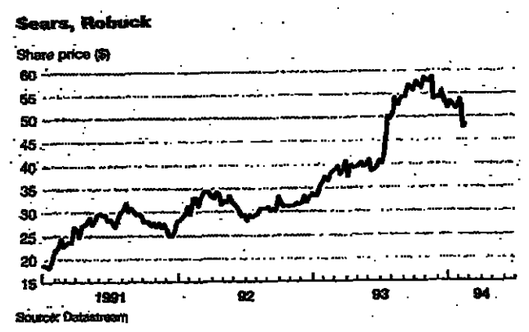
These compensated for a modest 0.8 per cent increase in energy sales to electricity distributors and an increase of 1.8 per cent in direct sales to consumers and for a 5.1 increase in operating costs. Consolidated revenue rose by 4.7 per cent to Pta752.5bn.

The company, which has a 2 per cent stake in Germany's RWE and owns 7 per cent of the Venezuelan utility, Electricidad de Caracas, has been an active buyer of equity in private Spanish utilities. The aim is to boost its distribution network ahead of the formal deregulation of the domestic electricity sector.

Endesa is understood to be negotiating the sale of 6 per cent of its equity to RWE and to the UK's National Power and the placement of a further 4 per cent among institutional investors. Following a 1988 partial privatisation, 23 per cent of the utility is listed on the markets and, since 1992, some 10 per cent of the free float is in the form of ADS on the New York stock exchange.

Wall Street ends its love affair with Sears Roebuck

The US retailer has lost favour, finds Laurie Morse



Wall Street's year-long love affair with a slimmed-down and revamped Sears, Roebuck cooled when the retailer's fourth-quarter figures failed to produce the forecast accelerated earnings.

Sears reported record income for 1993 of $1.7bn in a turnround from heavy losses of $3.93bn, which included restructuring costs and charges for losses following Hurricane Andrew.

But per share earnings, at $4.36 for the full year and $1.39 in the quarter, fell short of forecasts of $4.50 and $1.43. The share price fell by 6 per cent.

Company executives complain they were victims of unrealistic expectations. Sears' share price moved from a low of $30 in October 1992 to a high of $60 a year later, gaining at each step in a restructuring that shed the company's brokerage, credit card and real estate business and closed its venerable but loss-making catalogue sales division.

Investor confidence peaked just after portions of Dean Witter, Discover and Co. and Allstate were sold to the public in popular offerings. Sears continues to hold the majority shares of Allstate, while the balance of Dean Witter was spun off to Sears' shareholders.

However, 1994 will be a pivotal year for Sears. Both of its main businesses – insurance and retailing – face intense competition and, unlike 1993, will be up against comparisons with their own strong performance a year ago.

The Sears Merchandising Group posted substantial 9.1 per cent year-on-year sales advances for 1993, making it more difficult to maintain that momentum this year. This helped knock 20 per cent off Sear's share price since its peak in October.

Analysts are also concerned that the retailer's new-found grip on expenses may be loosening, with the company sliding back into the fiscal liberties that toppled Sears in the late 1970s. Fourth-quarter expenses rose in relation to sales, particularly at the Merchandising Group, which poured $40m into a glitzy television advertising campaign to boost Christmas season sales.

The campaign paid off. Sears stores saw sales jump 13.3 per cent in December, while most competing retailers logged only single-digit increases.

However, Sears' desire to capture more of the high-margin women's clothing market has been only marginally successful, analysts say, with the sales increases coming substantially from Sear's traditional hard lines.

The merchandising group's advertising expenses are likely to remain high in the first quarter due to an ambitious promotional push that made Sears the prime advertiser for the Olympics on US TV.

Allstate, one of the US's largest property insurance concerns, managed to squeeze a 2.8 per cent revenue gain in the fourth quarter, and stabilised its balance sheet after taking a $1.6bn charge in 1992 for the effects of Hurricane Andrew.

However, analysts are already toting up Allstate's share of the insurance costs related to this month's California earthquake. Mr Richard Nelson, analyst with Duff and Phelps in Chicago, says the quake will cost Sears between 20 to 30 cents per share in 1994 earnings, and has revised his full-year estimate down to $4.50, from a pre-earthquake forecast of $4.75 per share.

Allstate itself has estimated its costs from the January 17 quake to be $350m.

Zale returns to the black in quarter

By Richard Tomkins in New York

Zale, the biggest US jewellery retailer, yesterday reported a return to profit for the first full quarter since it came out of Chapter 11 bankruptcy protection last July.

In the three months to December, it made net profits of $41.6m, or $1.19 a share. The predecessor company made net losses of $17.8m in the same period last year, largely because of heavy reorganisation costs.

Sales fell from $428.2m to $396.5m, but this was because Zale closed 175 stores as part of its restructuring. Sales at the stores which remained open rose by 1.6 per cent.

Zale has 1,276 outlets in the US, Puerto Rico and Guam operating under the names Zales Jewelers, Gordon's Jewelers, Bailey Banks & Biddle, and Corrigan's.

It went into bankruptcy protection at the beginning of 1992 when it became unable to meet the interest payments on junk bonds issued in the 1980s. . .

Gain for Canadian energy groups

By Robert Gibbens in Montreal

Two Canadian energy groups have reported big gains in 1993 profits and are stepping up capital spending this year.

Westcoast Energy is western Canada's top producer of natural gas and takes in Union Gas, an Ontario gas distributor, acquired late in 1992.

Its 1993 net profit was C$158m (US$117m) or C$1.82 a share, against a 1992 loss of C$64m or C$1.31 after a C$161m special charge. Revenues doubled to C$3.6bn.

Fourth-quarter profit was C$56m or 64 cents, compared with a loss of C$111m or C$1.97 on revenues of C$1.1bn, up 36 per cent.

The 1993 results included Union Gas. The company plans to spend C$900m this year to expand its utility operations, well up from last year.

Alberta Energy, one of western Canada's 10 biggest oil and gas producers, had 1993 net profit of C$91.6m or C$1.23, up 117 per cent from C$42.2m or 53 cents a share in 1992, on net revenues of C$626m, up 10 per cent.

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Fourth Quarter 1993 Results

	1993 (unaudited)	1992	% Chg.
Sales (000,000)	$2,898.1	$2,722.0	6.5
Net Income (000,000)	$385.9	$350.0	10.3
Earnings per Share	$0.64	$0.58	10.3
Assets (000,000)	$24,307.5	$23,810.0	2.1
Access Lines (000)	13,238	12,803	3.4
Cellular Customers (000)	2,048	1,413	45.0

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Which Way are the Markets Moving?

THE EXPERTS DEBATE THE TRENDS AT THE DOLDER GRAND HOTEL IN ZURICH ON MARCH 23&24 · 1994

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MARCH 23

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Heinz Fesser, *Head, International Bond Department, DWS Deutsche Gesellschaft fur Wertpapiersparen m.b.H., Frankfurt*
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MARCH 24

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In accordance with the provisions of the Notes, notice is hereby given that the Rate of Interest for the three month period ending 10th May, 1994 has been fixed at 5.2875% per annum. The interest accruing for such three month period will be £64.46 per £5,000 Bearer Note, and £1,289.28 per £100,000 Bearer Note, on 10th May, 1994 against presentation of Coupon No. 18.

Union Bank of Switzerland

10th February, 1994

London Branch
Agent Bank

European Investment Bank

NLG 500,000,000

Floating Rate Bonds 1992 due May 15, 2002

In accordance with the Terms and Conditions of the Bonds, notice is hereby given that for the Interest Period from February 15, 1994 to May 16, 1994 the Interest Rate has been fixed at 4.71 per cent.

The Interest Amounts, payable on May 16, 1994, will be:
for the denomination of NLG 10,000: NLG 117.75
for the denomination of NLG 100,000: NLG 1,177.50
for the denomination of NLG 1,000,000: NLG 11,775.00

Rabobank Nederland
Utrecht, the Netherlands
February 15, 1994

Kingdom of Sweden

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Floating rate notes 1996

Notice is hereby given that for the interest period 15 February 1994 to 16 May 1994 the notes will carry an interest rate of 3.4375% per annum. Interest payable on 16 May 1994 will amount to US$8.59 per US$1,000 note.

Agent: Morgan Guaranty Trust Company

JPMorgan

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Subordinated Floating Rate Notes due 2004

For the three months 11th February, 1994 to 11th May, 1994, the Notes will carry an interest rate of 5.605% per annum with an interest amount of £136.67 per £10,000 and £1,366.70 per £100,000 Note, payable on 11th May, 1994.

Listed on the Luxembourg Stock Exchange.

Bankers Trust Company, London Agent Bank

INTERNATIONAL COMPANIES AND CAPITAL MARKETS

Foster's up 21% in spite of decline on brewing side

By Nikki Tait in Sydney and Tim Burt in London

Despite lower earnings from its core brewing interests, Foster's Brewing Group, the Australian company which owns the Courage business in the UK, reported a 21 per cent increase in profits after tax and abnormal items in the half-year to end-December, at A$210.8m (US$151m).

Profits in the same period of 1992-93 stood at A$173.6m. First-half sales were A$2.62bn, compared with A$3.49bn.

The improvement, however, was due entirely to lower interest charges, which fell from A$123.6m to A$89.3m, and a A$49m abnormal surplus related to asset sales, compared with a A$17.7m gain in the previous year.

By contrast, Foster's said its total brewing profit fell from A$302.9m a year ago, to A$279.8m. The Australian operations at Carlton and United Breweries chipped in a 26.7 per cent improvement in operating profits, at A$129m, which Foster's said came on the back of increased market shares – rising to 54 per cent of the Australian market overall in December – and some product launches. Exports to Asia-Pacific and the Middle East also grew "significantly".

In the UK, Courage saw earnings before interest and tax decline from A$131.3m to A$100.7m. Although about A$10m of this was due to exchange rate movements, Fosters blamed most of the fall on higher sales and marketing expenditure. Sales volume was static and market share nudged ahead to just over 19 per cent.

Courage's performance was hampered by British consumers taking advantage of relaxed excise duties to import cheap European beer. Courage – Britain's second largest brewer – said it also expected Inntrepreneur Estates, its pub joint venture with Grand Metropolitan, to break even in 1994 despite an an £18m (US$263m) loss in the 12 months to September 30 last year.

In Canada, meanwhile, the contribution from Molson fell from A$69.8m to A$50.2m. However, Foster's said around A$14m of this reflected the change in ownership structure, which saw the Australian group's stake fall from 50 to 40 per cent.

After the lower interest charges – which reflected the ongoing disposal programme at Foster's and associated reduction in the group's heavy debt levels – pre-tax operating profits were 13.3 per cent higher at A$178.3m.

Foster's said the economic outlook in its main markets of Australia, the UK and Canada, was improving.

Thai Airways climbs sharply

By Victor Mallet in Bangkok

Thai Airways International (Thai), the partially-privatised national airline, yesterday announced a sharp rise in net profit in its first quarter to end-December to Bt1.09bn ($43m) from Bt119m in the same period a year earlier.

The profit for the quarter amounts to more than Thai's entire net earnings in the previous financial year, but falls short of the company's own forecast for the quarter of Bt1.15bn made a month ago.

Thai released no further financial details yesterday, and it was not immediately clear how the increase in profit was achieved.

In previous years the company has inflated its profits by selling aircraft and leasing them back. There is no evidence of aircraft sales in the latest quarter, but the company may have sold other assets; to add to the confusion, the company is reforming its accounting system with the help of KPMG Peat Marwick Suthee.

Thai said recently that profits have benefited from a higher load factor.

The Thai authorities sold 7 per cent of the airline to the public in a privatisation in 1992 and subsequently reduced the influence of the air force in the airline's management.

But the shares performed poorly and dropped below the initial public offering price of Bt60, delaying the sale of further tranches to the public. Yesterday, however, Thai shares rose nearly 10 per cent in value to Bt53.

NZ bank almost doubles pay-out

By Terry Hall in Wellington

National Bank of New Zealand is nearly doubling its dividend to its parent, Lloyds Bank of the UK, to NZ$60m (US$34m) after announcing a 48 per cent rise in after-tax profit to NZ$151m in the year to December 31. In 1992 it paid Lloyds a NZ$34m dividend.

The bank, New Zealand's third biggest, said the improvement reflected a strong performance across all areas of operations. Sir Spencer Russell, chairman, said the low level of provisions for bad debt also contributed to the profit rise. Provisions fell from NZ$36m to NZ$7m.

Profit before tax was NZ$215m against NZ$153m. The result included a full year's contribution from Rural Bank, which was bought from Fletcher Challenge in 1992. The 1992 accounts included only six months' profits from this subsidiary, the country's biggest lender to the farming sector.

● Lloyds Bank NZA, a 100 per cent owned Australian subsidiary of Lloyds Bank, yesterday reported after-tax profits up 5.8 per cent to A$8.2m (US$5.9m) in 1993 from A$7.8m in 1992, AP-DJ reports from Sydney.

Mr Tony Parkes, chairman, NZA, said profit has increased for three years in a row.

Shares slide as OSE lists Nikkei 300 contract

By Emiko Terazono in Tokyo

A new futures and options contract for Japanese shares was launched yesterday on the Osaka Securities Exchange. The long-awaited listing of the Nikkei 300, a capitalisation weighted index, however, helped the underlying Tokyo stock market to decline 2.7 per cent as investors shifted positions from the existing Nikkei 225 futures contract.

Financial authorities had long blamed the price weighted Nikkei 225 futures for the plunge of Japanese share prices, and had hoped that the Nikkei 300 would eliminate volatility. However, they were embarrassed when the announcement of the index's details in October by the Nihon Keizai Shimbun prompted a technical sell off as futures traders unloaded component stocks of the Nikkei 225 not included in the new Nikkei 300.

Some traders expect further shifts in futures positions to affect Japanese stock prices in the near term. The OSE will not immediately abolish Nikkei 225 contracts, but wants the Nikkei 300 contracts to take over once trading volumes increase.

The Nikkei 225 has been blamed for the slump of the Tokyo stock exchange over the past three years, triggering a spate of restrictions to curb speculative trading on the futures and options markets. Leaders of the Osaka business and financial community also hope the Nikkei 300 will restore the OSE's image.

Although it is still too early to judge the success of the new futures contracts, the OSE has managed to enlist the country's large institutional investors into a group of business leaders "promoting the Nikkei 300 to the world".

But while some foreign traders predict that in two to three years the Nikkei 300 futures market could become the largest in the world, the short-term outlook remains subdued before the March book closing period.

● See world stock markets

Matif aims to win forex business from OTC rivals

By Laurie Morse in Chicago

The Matif, the French futures exchange, hopes to wrest business from the over-the-counter foreign exchange markets when it opens options contracts on price movements between the US dollar and two European currencies on May 20.

In launching the forex options the exchange will be defying the overwhelming sentiment of the world's foreign exchange traders: that exchange-listed currency hedging vehicles are redundant.

With a daily global net turnover in excess of $880bn, forex dealers have deep and liquid markets in which to transact both spot business and contracts for forward delivery. These unregulated markets allow a flexibility in transaction size and delivery terms that other exchanges have been unable to imitate.

The Chicago Mercantile Exchange was the first to attempt to divert some of the lucrative forex turnover on to its trading floor in 1972. It added options on its currency futures in 1984, and in 1993 had currency-related turnover of 5.9m contracts. The growth has been respectable, exchange officials say, but has not kept pace with the overall expansion in global forex dealings.

London's Liffe listed options on spot foreign exchange rates in 1985, but abandoned the effort in 1990, unable to compete with deeply liquid and highly standardised OTC markets. The Chicago Board Options Exchange tried similar products, but volume was so low that they transfered the business to the tiny Philadelphia Stock Exchange.

Matif's options contracts – one reflecting dollar/D-Mark exchange rates and the second dollar/French franc movements – most closely resemble those traded in Philadelphia. Franc and D-Mark options are the Philadelphia markets' most active currency products. In January, Philadelphia's average daily volume in spot D-Mark options was 15,000 contracts, and in its French franc options, 12,200 contracts.

Matif officials reason that Philadelphia is an unlikely centre for foreign exchange derivatives. They also have discovered that a good portion of Philadelphia's currency options business originates in Paris, and they would like to recapture it, however small.

The Matif's options contracts, to be sized in $100,000 increments, will be traded on Matif's floor during regular business hours, and on its old THS telephone trading system after hours.

Abnormals help Aztec Mining back to black

By Nikki Tait in Sydney

Aztec Mining Company, which is facing an unwanted bid from Mr Robert de Crespigny's Poseidon Gold, yesterday reported a turnround in profitability last year, with net operating profits of A$12.8m (US$9.2m) for the 12 months, compared with a loss of A$50.8m in 1992

The improvement, however, was due to abnormal items. The previous year included a charge of A$459.8m, while the recent 12 months benefited from a gain of A$9.6m, related to the disposal of an investment in Discovery Petroleum.

At the operating level, before tax and abnormals, Aztec made a small loss in 1993 of A$41.8m, compared with an equally modest profit of A$1.2m in 1992.

Aztec noted that the state of base metal prices had made life difficult last year, but said that "continuing improvements" at the Bounty Gold Mine, and "increasingly stable operating conditions" at the Woodcutters and Scuddles zinc mines had "significantly reduced the full impact of the adverse economic climate.

All of these securities having been sold, this advertisement appears as a matter of record only.

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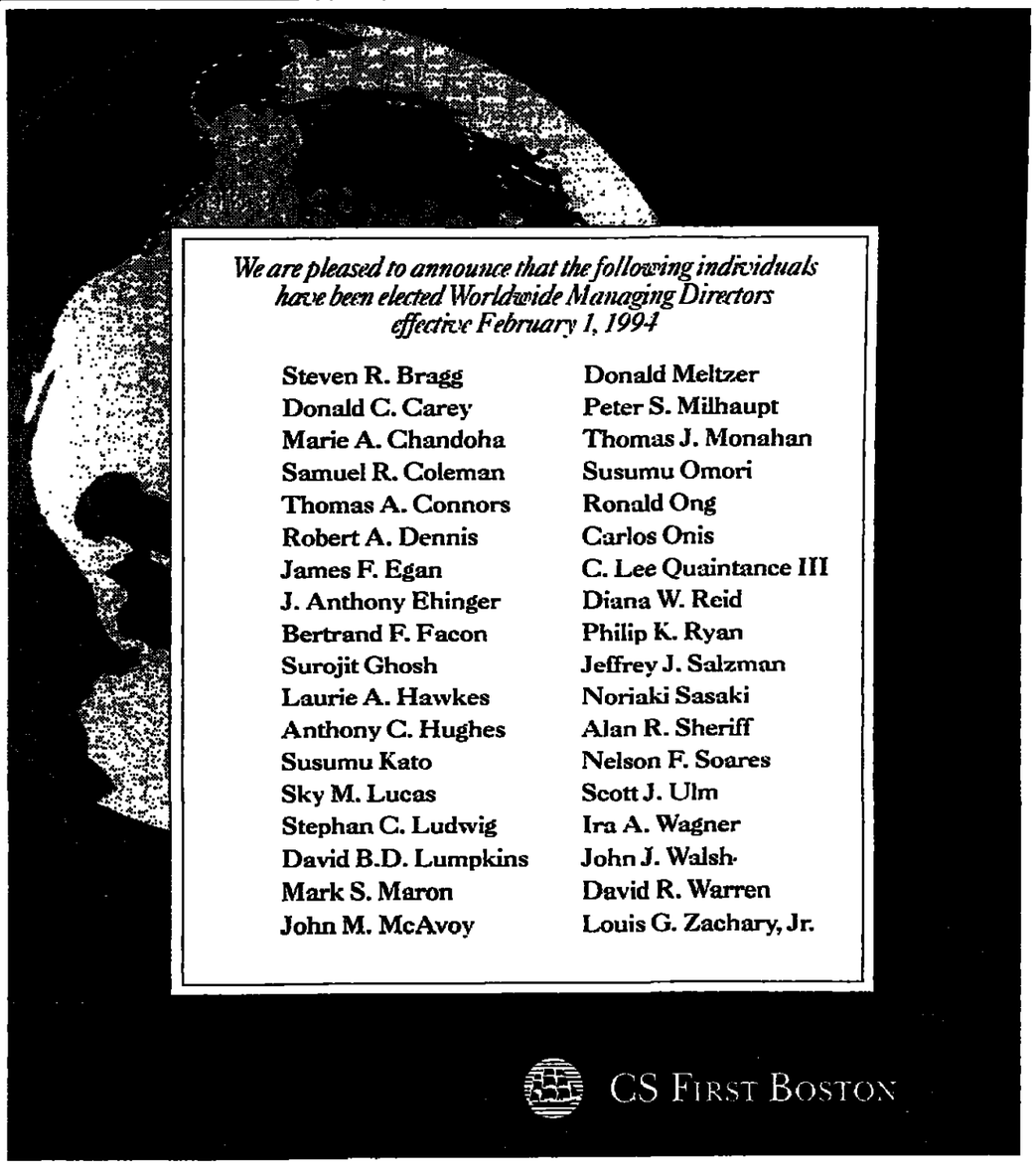
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February 1994



We are pleased to announce that the following individuals have been elected Worldwide Managing Directors effective February 1, 1994

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Samuel R. Coleman
Thomas A. Connors
Robert A. Dennis
James F. Egan
J. Anthony Ehinger
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NOTICE TO HOLDERS OF EUROPEAN DEPOSITARY RECEIPTS IN MAKITA CORPORATION

EDR holders are informed of a dividend to holders of record date September 30, 1993. The cash dividend payable to Yen 9 per common stock of Yen 50 up per share. EDR holders may now present Coupon No. 30 for payment to the undermentioned agents. Payment of the dividend with a 15% withholding tax is subject to receipt of a valid affidavit of residence in a country having a tax treaty or agreement with Japan giving benefit of the reduced withholding rate. Failing receipt of a valid affidavit Japanese tax will be deducted at the rate of 20%. If the gross dividend payable. The full rate of 20% will also be applied to any dividend claimed after April 29, 1994.

EDR Denomination 1,000 shares	Gross Dividend $80.27	Dividend Payable less 15% Japanese withholding tax $68.23	Dividend Payable less 20% Japanese withholding tax $64.22

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Agent: Citibank (Luxembourg) S.A., 16 Avenue Marie Therese Luxembourg

February 15 1994

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INTERNATIONAL CAPITAL MARKETS

JGBs stage rally as European sectors fail to settle

By Conner Middelmann in London and Frank McGurty in New York

While Europe's bond markets resumed their erratic and volatile trading patterns of recent days, Japanese government bonds rallied smartly after their recent declines.

Encouraged by a firmer yen, the weak stock market and renewed speculation of a cut in the official discount rate, JGBs rallied in Tokyo and continued to rise in London. The March JGB future rose 0.77 point to 115.30 in Tokyo and rose further to 115.55 in London trading on Liffe.

The rally was triggered by the failure of last week's US-Japanese trade talks which fuelled fears of a higher yen, said Mr Nigel Richardson, head of bond research at Yamaichi International. Currency strength will also boost Japan's already positive inflation outlook, underpinning bonds and encouraging speculation of more rate cuts, he said.

While supply concerns remain, they were not enough to damp bullish sentiment. Moreover, the long end was helped by the fact that today's government auction is in the six-year sector – the first time since 1981 the government is selling six-year notes, one trader said.

GOVERNMENT BONDS

■ UK gilts had another volatile day, briefly supported in the morning by bullish producer price data but slipping back after the US opened. "There was more US selling in the futures market," reported a trader at a large London bank.

Price action is expected to remain directionless and investors sidelined until Wednesday's release of January inflation numbers. The market consensus is for a headline rate of 2.6 per cent and an ex-mortgage rate of 3 per cent.

Traders also are awaiting today's announcement by the Bank of England of the terms of the latest gilt auction. Traders are divided, with some calling for the 7 per cent gilts due 2001 to be tapped while others expect another tranche of the 6¾ per cent gilts due 2004. The latter would be targeted more at foreign investors, who favour 10-year bonds, while a shorter maturity would primarily attract domestic investors, traders said.

■ German bonds wiped out early gains to close little changed in technical trading. The Bundesbank's announcement of another round of fixed-rate repos at 6 per cent had little market impact, although it was seen to reduce the likelihood of a cut in interest rates at Thursday's meeting of the Bundesbank central bank council.

Meanwhile, the Dutch government accepted Fl 5.3bn of bids for its new tranche of 5.75 per cent 10-year bonds. The paper was initially offered at 99.35 but the price was increased to end the session at 99.80. The tap will remain open today, with the finance ministry seen wanting to raise a total of Fl 10bn.

■ Italian bonds fell nearly ½ point, pressured by new 3- and 5-year supply and the prospect of a 10-year auction today. The March BTP contract on Liffe fell 0.41 point to 117.24.

French bonds also slipped on disappointment that the Bank of France left rates unchanged at its latest repo operation. The March notional bond future fell 0.12 point to 128.86.

■ US Treasury bond prices dipped yesterday morning in light trading linked to the failure of the US and Japan to make progress on trade issues during Friday's summit in Washington.

By midday, the benchmark 30-year government bond was 3/32 lower at 97¾, with the yield rising to 6.416 per cent. On the short end, the two-year note was unchanged at 99 7/32, to yield 4.403 per cent.

Early in the session the market sagged amid expectations that Japanese investors would unload their Treasury holdings following the unsatisfactory outcome of the bilateral trade talks. When heavy selling failed to materialise, prices stabilised in buying driven by technical factors.

The market virtually ignored the day's economic news. The Commerce Department reported that business inventories showed no change in December, as expected.

Today's data on industrial production should stir interest. Forecasts centre on a January gain of 0.4 per cent, after an 0.7 per cent increase the previous month. Analysts expect capacity utilisation edged up to 83 per cent, from December's 82.8 per cent. A stronger-than-expected reading may raise alarm about the prospect of higher producer prices.

■ Reuters, the financial information and news group, has signed an agreement with Liberty Brokerage Investment Company, the New York-based inter-dealer broker, allowing it to quote data on US Treasuries.

Reuters said its customers would be provided with Liberty Brokerage's data free of charge later this year. Liberty Brokerage is a significant inter-dealer broker of US Treasury securities and – through its affiliates – of US mortgage-backed securities, non-US government securities and derivatives in Europe.

Disappointment at Depfa-Bank over rating level

By Antonia Sharpe

Depfa-Bank, Germany's largest mortgage bank, yesterday expressed disappointment at the decision by Moody's to assign a long-term debt rating of Aa3 to its Eurobonds.

The unsolicited rating is at least two notches below the market's perception of the bank, whose full name is Deutsche Pfandbrief- und Hypothekenbank. In the past year Depfa has raised more than $3bn in a variety of currencies in the Eurobond market at spreads commensurate with strong double-A rated institutions.

"We are disappointed by the rating," said Mr Gerhard Bruckermann, the member of Depfa's management board responsible for treasury fund management and for public sector loans.

He added that he had been surprised that the Moody's analysts had not asked any material questions during discussions with Depfa's management board. The meetings took place in late January as a result of a letter which Moody's sent Depfa in December saying that it was about to assign a rating on the basis of publicly available information.

Moody's said its rating reflected the changing risk profile of Depfa, its wholesale franchise and dependence on wholesale funding, as well as the structural subordination of the senior unsecured debt in relation to its secured German mortgage bonds (Pfandbriefe).

Analysts said Moody's appeared to be penalising Depfa for both its current low profitability and for the diversification strategy it was pursuing to enhance the bank's earnings. "I think Moody's has taken a step too far," said one analyst.

Uncertainty again keeps dealers on the sidelines

By Antonia Sharpe

New issuance in the Eurobond market got off to a slow start yesterday as continuing uncertainty in the financial markets kept investors and issuers at the sidelines.

However, syndicate managers reported that there were several deals in the pipeline.

INTERNATIONAL BONDS

The National Bank of Hungary has awarded the mandate for its first global offering to Salomon Brothers and the deal could be launched towards the end of next week. The issue is expected to raise between $500m and $750m, have a maturity of 10 years and be priced to yield between 225 and 250 basis points over 10-year US treasuries.

World Bank officials are due in London today to give details of its forthcoming $5bn global multi-currency note programme. The facility, which is expected to be signed in the next two weeks, is designed to facilitate the launch of structured products.

Among yesterday's sparse offerings, Crédit Local de France raised C$250m through an offering of 12-year Eurobonds. An official at lead manager Paribas acknowledged that the bonds were tightly priced at 20 basis points over the yield on 10-year Canadian government bonds, giving a spread of 15 basis points over the interpolated 12-year yield curve.

However, he noted that the issuer had been less aggressive than usual in obtaining longer-dated funding and had missed its funding targets by between five to 10 basis points. The issuer was believed to have swapped the proceeds of the issue into floating-rate dollars.

The official added that the bonds were attractive to investors who felt that the yield differential between 10-year Canadian government bonds and US treasuries would narrow to around 50 basis points from 70 basis points currently.

When Crédit Local's bonds were freed to trade they were quoted at 98.70 bid, down from their re-offer price of 99.125, which reflected the weak opening in Canadian government bonds.

Credito Italiano and ABB raised L200bn each through offerings of five-year floating-rate notes and 10-year Eurobonds respectively. Both issuers took advantage of the recent strength in the Italian government bond market and investor demand for yield.

Credito Italiano's deal, the first FRN offering denominated in lira to be issued by an Italian bank, was targeted mainly at Italian investors who were seeking the protection of a floating-rate instrument in the run-up to the general election in March, an official at Credito Italiano said.

Late in the day, the Republic of Colombia launched its first offering in the Yankee market – the US domestic market for foreign issuers. The $250m, 10-year offering, via Merrill Lynch, is due to be priced today to yield around 150 basis points over US treasuries.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees %	Spread bp	Book runner
US DOLLARS							
Kommuninvest	100	5.625	99.80R	Mar.1999	0.30R	+28 (5%-99)	Fuji International
YEN							
Sumitomo Heavy Inds(a,b)	6bn	3.40	100.125R	Jun.1998	0.30R	-	Daiwa Europe
Sumitomo Heavy Inds(b,c)‡	6bn	(d)	100.00R	Mar.1998	0.30R	-	Sumitomo Finance Intl.
CANADIAN DOLLARS							
Crédit Local de France	250	6.75	99.125R	Mar.2006	0.375R	+20 (6½%-04)	Paribas Capital Markets
LIRE							
ABB International Finance	200bn	8.125	101.55	Mar.2004	2.00	-	Deutsche Bank London
Credito Italiano(Lndn Bch)‡	200bn	(e)	99.90R	Mar.1999	0.50R	-	Credito Italiano

Final terms and non-callable unless stated. The yield spread (over relevant government bond) at launch is supplied by the lead manager. ‡Floating rate note. R: fixed re-offer price; fees are shown at the re-offer level. a) Short 1st coupon. b) Puttable in event shockholders equity <Y20bn at par on 10/9/94, 95, 96 & 97. c) Long 1st coupon. d) 3-mth Libor +0.425%. e) 3-mth Libor +0.25%.

Volume in interest rate swaps advances 21%

By Laurie Morse in Chicago

The volume of interest rate swaps written during the first half of 1993 reached 60,553 contracts, up 21 per cent from the previous six months, while contract volume in over-the-counter currency swaps dipped 8 per cent, to 4,897 contracts during the same period, according to a bi-annual survey of swaps activity conducted by Arthur Andersen and commissioned by the International Swaps and Derivatives Association.

ISDA said the total notional principal amount of new swaps written during the first six months of 1993 reached $2,100bn, up 27 per cent from the last six months of 1992. Interest rate swaps accounted for $1,900bn of the total, and currency swaps $157bn. The value of capital risked in these transactions is typically 2 to 3 per cent of the notional principal value.

The fastest-growing segment of the over-the-counter derivatives business, according to the survey, was interest rate swap options, or "swaptions."

During the first half of 1993, about 40 per cent of interest rate and currency swaps were denominated in US dollars.

WORLD BOND PRICES

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Day's change	Yield	Week ago	Month ago
Australia		9.500	08/04	120.9700	+0.230	6.27	6.38	6.35
Belgium		7.250	04/04	104.3900	-0.080	6.64	6.60	6.56
Canada *		6.500	06/04	99.2900	-0.080	6.59	6.82	6.50
Denmark		7.000	12/04	106.0500	-0.050	6.21	6.16	5.95
France	BTAN	8.000	05/98	109.6900	-0.060	5.37	5.27	5.06
	OAT	5.500	04/04	96.9100	-0.180	5.91	5.90	5.68
Germany		6.000	09/03	101.4300	+0.030	5.80	5.86	5.61
Italy		8.500	01/04	99.6300	-0.450	8.55†	8.46	8.54
Japan	No 119	4.800	06/99	107.9470	-0.160	3.07	3.11	2.60
	No 157	4.500	06/03	107.9490	+0.530	3.38	3.53	3.15
Netherlands		5.750	01/04	99.4200	+0.120	5.83	5.79	5.62
Spain		10.500	10/03	116.5000	-0.150	7.98	7.96	8.02
UK Gilts		9.750	01/98	113-00	-1/32	5.95	5.97	5.79
		6.750	11/04	101-13	+7/32	6.56	6.48	6.28
		9.000	10/08	119-26	+5/32	6.84	6.77	6.66
US Treasury *		5.875	02/04	100-00	-	5.88	5.95	5.73
		6.250	08/23	97-27	+2/32	6.41	6.40	6.29
ECU (French Govt)		6.000	04/04	96.7300	-0.260	6.17	6.20	5.95

London closing, *New York mid-day. Yields: Local market standard.
† Gross annual yield (including withholding tax at 12.5 per cent payable by nonresidents)
Prices: US, UK in 32nds, others in decimal. Source: MMS International

US INTEREST RATES

Lunchtime rates

		Treasury Bills and Bond Yields			
Prime rate	6	One month	3.16	Three year	4.81
Broker loan rate	5	Two month	3.26	Five year	5.33
Fed.funds	3⅛	Three month	3.33	10-year	5.88
Fed.funds at intervention	-	Six month	3.52	30-year	6.41
		One year	3.85		
		Two year	4.42		

BOND FUTURES AND OPTIONS

France

■ NOTIONAL FRENCH BOND FUTURES (MATIF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Mar	129.12	128.86	-0.12	129.34	128.78	178,599	155,326
Jun	128.72	128.46	-0.12	128.90	128.44	6,721	22,986
Sep	127.96	127.70	-0.12	128.14	127.80	1,019	5,500

■ LONG TERM FRENCH BOND OPTIONS (MATIF)

Strike Price	CALLS Mar	CALLS Jun	CALLS Sep	PUTS Mar	PUTS Jun	PUTS Sep
128	1.03	-	1.46	0.15	1.00	1.74
129	0.36	0.98	-	0.48	1.46	-
130	0.07	0.62	-	1.21	2.08	-
131	0.02	0.37	-	-	2.81	-
132	-	0.21	-	-	-	-

Est. vol. total, Calls 39,842 Puts 28,344. Previous day's open int., Calls 343,010 Puts 328,655

Germany

■ NOTIONAL GERMAN BUND FUTURES (LIFFE)* DM250,000 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	99.25	99.27	+0.04	99.54	99.07	142434	198579
Jun	99.16	99.17	+0.05	99.42	99.02	4130	11402

■ BUND FUTURES OPTIONS (LIFFE) DM250,000 points of 100%

Strike Price	CALLS Mar	CALLS Jun	PUTS Mar	PUTS Jun
9900	0.43	1.01	0.16	0.84
9950	0.17	0.77	0.40	1.10
10000	0.05	0.56	0.78	1.41

Est. vol. total, Calls 19088 Puts 12005. Previous day's open int., Calls 295306 Puts 237660

■ NOTIONAL MEDIUM TERM GERMAN GOVT. BOND (BOBL)(LIFFE)* DM250,000 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	102.45	102.42	+0.07	102.55	102.35	336	8722

Italy

■ NOTIONAL ITALIAN GOVT. BOND (BTP) FUTURES (LIFFE)* Lira 200m 100ths of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	117.75	117.31	-0.30	117.96	117.02	48502	86040
Jun	118.11	117.58	-0.31	118.11	117.46	371	9178

■ ITALIAN GOVT. BOND (BTP) FUTURES OPTIONS (LIFFE) Lira200m 100ths of 100%

Strike Price	CALLS Mar	CALLS Jun	PUTS Mar	PUTS Jun
11700	0.56	2.36	0.25	1.80
11750	0.29	2.10	0.48	2.04
11800	0.13	1.85	0.82	2.29

Est. vol. total, Calls 3111 Puts 5051. Previous day's open int., Calls 54571 Puts 61332

Spain

■ NOTIONAL SPANISH BOND FUTURES (MEFF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Mar	105.90	105.68	-0.03	106.07	105.54	51,406	106,543
Jun	105.90	105.72	-0.24	105.90	105.55	670	9,825

UK

■ NOTIONAL UK GILT FUTURES (LIFFE)* £50,000 32nds of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	116-05	115-31	-	116-18	115-12	81552	157494
Jun	115-13	115-09	-	115-21	114-28	278	4964

■ LONG GILT FUTURES OPTIONS (LIFFE) £50,000 64ths of 100%

Strike Price	CALLS Mar	CALLS Jun	PUTS Mar	PUTS Jun
115	1-12	2-00	0-14	1-46
116	0-35	1-33	0-37	2-15
117	0-13	1-07	1-15	2-53

Est. vol. total, Calls 5354 Puts 3470. Previous day's open int., Calls 127934 Puts 84881

Ecu

■ ECU BOND FUTURES (MATIF)

	Open	Sett price	Change	High	Low	Est. vol.	Open int.
Mar	120.36	120.16	-0.12	120.54	120.14	3,027	14,592
Jun	-	95.26	-0.12	-	-	-	203

US

■ US TREASURY BOND FUTURES (CBT) $100,000 32nds of 100%

	Open	Latest	Change	High	Low	Est. vol.	Open int.
Mar	115-04	114-29	-0-06	115-08	114-24	428,841	303,980
Jun	114-02	113-28	-0-05	114-03	113-23	156,698	34,673
Sep	113-05	113-01	-0-02	113-05	112-26	924	34,965

Japan

■ NOTIONAL LONG TERM JAPANESE GOVT. BOND FUTURES (LIFFE) Y100m 100ths of 100%

	Open	Close	Change	High	Low	Est. vol	Open int.
Mar	115.38			115.69	115.28	4322	0
Jun	114.17			114.36	114.05	1296	0

* LIFFE contracts traded on APT. All Open Interest figs. are for previous day.

FT-ACTUARIES FIXED INTEREST INDICES

Price Indices UK Gilts	Mon Feb 14	Day's change %	Fri Feb 11	Accrued interest	xd adj. ytd		Low coupon yield Feb 14	Feb 11	Yr. ago	Medium coupon yield Feb 14	Feb 11	Yr. ago	High coupon yield Feb 14	Feb 11	Yr. ago
1 Up to 5 years (25)	128.78	+0.04	128.71	2.04	1.23	5 yrs	5.93	5.95	6.34	6.21	6.20	6.95	6.30	6.29	7.14
2 5-15 years (21)	158.26	-0.02	158.29	1.66	2.14	15 yrs	6.76	6.77	7.91	6.85	6.84	8.41	7.04	7.04	8.68
3 Over 15 years (8)	182.92	-0.01	182.94	1.88	1.79	20 yrs	6.85	6.87	8.25	6.85	6.85	8.59	7.05	7.05	8.76
4 Irredeemables (6)	217.93	+0.44	216.97	3.04	0.00	Irred.†	6.94	6.97	8.69						
5 All stocks (60)	153.72	+0.01	153.71	1.85	1.75										

Index-linked	Mon Feb 14	Day's change %	Fri Feb 11	Accrued interest	xd adj. ytd		Inflation 5% Feb 14	Feb 11	Yr. ago	Inflation 10% Feb 14	Feb 11	Yr. ago
6 Up to 5 years (2)	189.86	+0.01	189.86	0.45	1.41	Up to 5 yrs	2.36	2.36	1.89	1.55	1.54	0.89
7 Over 5 years (11)	189.35	+0.12	189.13	0.81	0.57	Over 5 yrs	3.06	3.06	3.52	2.89	2.90	3.32
8 All stocks (13)	188.48	+0.11	188.28	0.77	0.66							

Debentures and Loans	Mon Feb 14	Day's change %	Fri Feb 11	Accrued interest	xd adj. ytd	5 year yield Feb 14	Feb 11	Yr. ago	15 year yield Feb 14	Feb 11	Yr. ago	25 year yield Feb 14	Feb 11	Yr. ago
9 Debs & Loans (68)	152.23	-0.04	153.39	2.11	1.66	7.70	7.71	8.67	7.83	7.83	9.52	7.91	7.89	9.74

Average gross redemption yields are shown above. Coupon Bands: Low: 0%-7¾%; Medium: 8%-10¾%; High: 11% and over. † Flat yield. ytd Year to date.

FT FIXED INTEREST INDICES

	Feb 14	Feb 11	Feb 10	Feb 9	Feb 8	Yr ago	High*	Low*
Govt. Secs. (UK)	103.98	103.92	104.18	104.11	105.05	95.85	107.80	93.28
Fixed Interest	128.11	128.30	128.36	128.87	129.73	111.62	133.87	108.87

* for 1993/94. Government Securities high since compilation: 127.40 (9/1/35), low 49.18 (3/1/75). Fixed Interest high since compilation: 133.87 (21/1/94), low 50.53 (3/1/75). Basis 100: Government Securities 15/10/26 and Fixed Interest 1928. SE activity indices rebased 1974

GILT EDGED ACTIVITY INDICES

	Feb 11	Feb 10	Feb 9	Feb 8	Feb 7
Gilt Edged bargains	127.7	122.0	127.4	140.4	132.1
5-day average	128.7	131.6	131.7	125.5	119.7

FT/ISMA INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 7:00 pm on February 14

	Issued	Bid	Offer	Chg.	Yield
U.S. DOLLAR STRAIGHTS					
Abbey Natl Treasury 6½ 03	1000	100⅛	100⅝	+⅛	6.48
AlbertaProvince 9⅜ 95	600	107⅝	108		4.58
Austria 8½ 00	400	112⅞	113¼		5.87
Bank of Tokyo 8⅜ 96	100	106¼	106¾		5.19
Belgium 9⅝ 98	250	115¼	115⅝		5.61
BFCE 7¾ 97	150	107½	107⅞		5.17
British Gas 0 21	1500	13⅛	13½	+⅛	7.80
Canada 9 96	1000	108⅛	108½		4.72
CCCE 9¼ 95	300	105⅛	105⅜		4.14
Cheung Kong Fin 5½ 98	500	98	98⅝	+⅛	6.52
Council Europe 8 98	100	108¼	107¼	-⅛	6.01
Credit Foncier 9½ 99	300	116	116⅜		5.74
Denmark 9¼ 95	1571	105¼	105½		4.26
ECSC 8¼ 98	193	107⅞	108⅜		5.14
EEC 8¼ 96	100	107¼	107⅝	+⅛	4.89
EIB 7¼ 98	250	108⅛	108½		4.98
EIB 9¼ 97	1000	113	113¼	+⅛	5.32
Elec de France 9 98	200	112½	113	+⅛	5.49
Eurofima 9¼ 96	100	108½	108⅞		4.84
Ex-Im Bank Japan 8 02	500	110⅞	111¼	+⅛	6.27
Export Dev Corp 9½ 98	150	114⅜	115⅛	+⅛	5.62
Finland 7⅞ 97	200	106⅝	107⅛		5.39
Finnish Export 9⅛ 95	300	107⅛	107⅝		4.73
Ford Motor Credit 6¼ 98	1500	102	102⅜		5.77
Gen Elec Capital 9⅜ 96	300	109⅜	109¾	+⅛	4.97
GMAC 9⅛ 96	200	107⅛	107½		5.34
Ind Bk Japan Fin 7⅞ 97	200	106¾	107⅜	+⅛	5.49
Inter Amer Dev 7⅜ 98	200	106¼	106⅝		4.98
Italy 6⅞ 23	3500	95⅛	95⅜		7.41
Japan Dev Bk 8⅜ 01	500	112⅞	113¼		6.06
Kansai Elec Pwr 10 98	350	110	110⅜		4.92
LTCB Fin 8 97	200	106½	107⅛	+⅛	5.83
Matsushita Elec 7¼ 02	1000	105⅛	106⅛	+⅛	6.46
Nippon Cred Bk 10⅛ 95	150	106⅝	107	-⅛	5.29
Nippon Tel Tel 9⅜ 95	200	105	105¼	-⅛	4.40
Norway 7¼ 97	1000	106	106¼	+⅛	5.14
Ontario 7⅜ 03	3000	106⅛	106⅝	+⅛	6.53
Oster Kontrollbank 8½ 01	200	113⅜	113⅞	+⅛	6.07
Petro-Canada 7¼ 96	300	104⅞	105½		4.90
Portugal 5¾ 03	1000	95½	95⅞	+½	6.48
Quebec Hydro 9¾ 98	150	115⅛	115⅝	+⅛	5.90
Quebec Prov 9 98	200	111⅛	111⅞	+¼	5.82
Sainsbury 9⅛ 98	150	109⅛	109⅝		5.30
SAS 10 99	200	112⅞	113⅜	-⅛	6.89
SBAB 9½ 95	500	105⅞	103¼	-⅛	4.88
SNCF 9½ 98	150	114⅞	115¼		5.60
Spain 6½ 99	1500	103⅛	103½	+⅛	5.82
State Bk NSW 8½ 98	200	107⅛	107⅜	+¼	5.11
Sweden 5½ 95	2000	101½	101⅞		4.60
Swedish Export 8⅜ 98	700	107	107¼	+⅛	4.86
Tokyo Elec Power 8¾ 96	300	108⅝	109	+⅛	5.01
Tokyo Metropolis 8¾ 96	200	108	108⅜		5.03
Toyota Motor 5⅝ 98	1500	100½	100⅞	+⅛	5.48
United Kingdom 7¼ 02	3000	106⅝	106⅞	+⅛	6.25
World Bank 8⅜ 99	1500	113	113¼	+⅛	5.72
World Bank 8⅜ 97	1500	110½	110⅞		5.05
United Kingdom 7⅛ 97	5500	105¾	106		5.36
Volkswagen Intl Fin 7 03	1000	102½	103	+⅛	6.62
World Bank 0 15	2000	27⅞	28¼	+⅛	6.02
World Bank 5⅜ 98	300	101⅞	102⅛	-¼	4.78
World Bank 8¾ 00	1250	116¼	116⅝		5.56
DEUTSCHE MARK STRAIGHTS					
Austria 5⅞ 97	500	102⅛	102⅞		5.02
Credit Foncier 7¼ 03	2000	105½	105⅞	-¼	6.43
Denmark 6⅛ 98	2000	102⅛	102⅝		5.47
Depfa Finance 6⅞ 03	1500	100¼	100⅞	-⅛	6.33
Deutsche Bk Fin 7½ 03	2000	106½	107	-⅛	6.52
ECSC 6⅝ 98	700	108	108½	+¼	5.50
EEC 6½ 00	2900	104⅛	104½	+⅛	5.63
EIB 7½ 99	400	109⅛	110¼	+⅛	5.50
Finland 7½ 00	3000	107⅞	108⅛	+⅛	5.89
Italy 7¼ 98	5000	105⅞	105¾	+⅛	5.64
Norway 6¼ 98	1500	102½	102⅞		5.44
Ontario 6¼ 04	1500	98⅛	98½	+⅛	6.47
Spain 7¼ 03	4000	106⅛	105¼		6.34
Sweden 8 97	2500	108	108⅜	+⅛	5.55
SWISS FRANC STRAIGHTS					
Asian Dev Bank 6 10	100	113	113½	-¼	4.85
Austria 4½ 00	1000	102⅜	102⅞	+¼	3.98
Council Europe 4¾ 98	250	102½	103		4.06
EIB 6¾ 04	300	114¼	114⅞	+¼	4.99
Elec de France 7¼ 06	100	116½	117¼		5.34
Finland 7¼ 99	300	113¼	113⅞		4.53
General Motors 7½ 95	100	103	103½		4.72
Hyundai Motor Fin 8½ 97	100	110	111		5.34
Iceland 7⅞ 00	100	115	115¼		4.86
Kobe 6⅜ 01	240	111½	112½	+½	4.52
Ontario 6¼ 03	400	109¼	109⅞	-½	4.95
Quebec Hydro 5 08	100	100¼	101		4.92
SNCF 7 04	450	118¼	118½	-⅛	4.78
World Bank 5 03	150	102¼	103		4.70
World Bank 7 01	600	115	115½		4.47
YEN STRAIGHTS					
Belgium 5 99	75000	107⅛	107⅝	+½	3.58
EIB 6⅝ 00	100000	116¼	116½	+½	3.60
Elec de France 5⅝ 96	30000	107⅛	107⅞	+⅛	2.74
Finland 6¾ 96	50000	108½	108¾		2.56
Inter Amer Dev 7¼ 00	30000	120½	120⅞	+½	3.53
Italy 3½ 01	300000	97⅝	97¾	+⅛	3.91
Japan Dev Bk 5 99	100000	108¼	108⅜	+½	3.36
Japan Dev Bk 6½ 01	120000	117½	117⅝	+½	3.80
Nippon Tel Tel 5⅞ 96	50000	108	108¼	+⅛	2.66
Norway 5⅛ 95	50000	103⅛	103⅜	+⅛	2.30
SNCF 6¾ 00	30000	117⅛	117½	+½	3.65
Sweden 5⅜ 95	20000	105	105½		2.42
World Bank 6¾ 00	50000	117⅛	117⅞	+⅛	3.57
OTHER STRAIGHTS					
Arbed 7½ 95 LFr	600				
Genfinance Lux 9¼ 99 LFr	1000				
World Bank 8 96 LFr	1000				
Bank Voor Ned Gem 7⅞ 02 Fl	1000	108⅜	108¼	-⅛	6.36
Energie Beheer 6¾ 98 Fl	500	113	113½		5.55
AlbertaProvince 10⅞ 98 C$	500	110⅛	110⅝	-⅛	5.17
Bell Canada 10⅞ 98 C$	150	117	117½		6.76
British Columbia 10 96 C$	500	110	110⅜		5.25
EIB 10⅛ 98 C$	130	115⅜	116⅛		5.78
Elec de France 9¾ 99 C$	275	115¼	115¾	-⅛	6.39
Gen Elec Capital 10 96 C$	300	109¼	110⅛	-⅛	5.39
KfW Int Fin 10 01 C$	400	117½	118		6.79
Nippon Tel Tel 10¼ 99 C$	200	117¾	118¼	-⅛	6.41
Ontario 8 03 C$	1500	106½	106⅞	-⅛	7.15
Ontario Hydro 10⅞ 99 C$	500	118⅞	119⅜	-¼	6.43
Oster Kontrollbank 10¼ 99 C$	150	117	117½		6.44
Quebec Prov 10½ 98 C$	200	116⅛	117	-⅛	6.41
Belgium 9⅛ 96 Ecu	1250	105⅛	105⅝	-⅛	5.79
Council Europe 9 01 Ecu	1100	116½	116⅞		6.34
Credit Lyonnais 9 96 Ecu	125	105⅞	108⅛		6.09
EIB 10 97 Ecu	1125	111½	111⅞		5.72
Ferro del Stat 10⅛ 98 Ecu	500	113⅜	114⅛		5.69
Italy 10¾ 00 Ecu	1000	122⅛	122½		6.31
Spain 9 96 Ecu	1000	106⅝	106¾		5.78
United Kingdom 9⅛ 01 Ecu	2750	116⅞	117	-⅛	6.10
AIDC 10 99 A$	100	114½	115	+⅛	6.67
BP America 12¼ 96 A$	100	111⅜	111⅞		6.19
Comm Bk Australia 13¾ 99 A$	100	131⅝	132⅛	-⅛	6.76
Eksportfinans 12⅜ 95 A$	75	108⅛	108⅝	-⅛	5.56
McDonalds Canada 15 95 A$	100	111⅜	112¼	-⅛	5.77
NSW Treasury Zero 0 20 A$	1000	15⅜	15⅞	+⅛	7.18
R & I Bank 7¾ 03 A$	125	103⅞	104⅛		7.16
Sth Aust Govt Fin 9 02 A$	150	111⅜	112¼	+⅛	7.12
Unilever Australia 12 98 A$	150	119⅛	119⅝	-⅛	6.54
Alliance Leics 11⅜ 97 £	100	114⅝	115⅛	-⅛	6.22
British Gas 12¼ 95 £	300	106⅞	107¼	-¼	5.48
British Land 8⅞ 23 £	150	102⅜	103¼		8.80
EIB 10 97 £	637	110⅜	111⅛	-⅛	5.94
Halifax 10⅞ 97 £	100	111½	112	-⅛	6.13
Hanson 10⅜ 97 £	500	112	112½	-⅛	6.58
HSBC Holdings 11.69 02 £	153	123⅜	124⅜	-⅛	7.74
Italy 10½ 14 £	400	126½	126⅞		7.84
Japan Dev Bk 7 00 £	200	103⅛	103⅜		6.36
Land Secs 9½ 07 £	200	112⅝	112⅞	-⅛	7.92
Ontario 11⅛ 01 £	100	121¼	121⅝	-⅛	7.16
Powergen 8⅞ 03 £	250	110⅞	111¼	-⅛	7.20
Severn Trent 11½ 99 £	150	120½	120⅞	-⅛	6.82
Tokyo Elec Power 11 01 £	150	122½	122⅞	-¼	6.85
World Bank 11¼ 95 £	100	106⅞	107¼	-⅛	5.38
Abbey National 0 98 NZ$	100	86⅛	87⅛	-⅛	5.82
TCNZ Fin 9¼ 02 NZ$	75	117⅞	118⅜	-¼	6.45
CEPME 10 95 FFr	2000	105¼	106⅛	+½	5.49
Elec de France 8¾ 22 FFr	3000	124⅞	125¼	-⅛	6.75
SNCF 9¼ 97 FFr	4000	110⅛	110½	-⅛	5.65

FLOATING RATE NOTES

	Issued	Bid	Offer	C.cpn
Banco Roma 0 99	200	99.57	99.74	3.3750
Belgium 1/16 97 DM	500	99.96	100.06	6.4375
BFCE -0.02 98	350	99.89	99.99	3.4175
Britannia 0.10 96 £	150	99.92	100.02	5.5375
Canada -⅛ 99	2000	99.61	99.68	3.3125
CCCE 0 06 Ecu	200	98.82	99.08	6.6406
Citicorp Bkg ¼ 96	400			5.2500
Credit Lyonnais 1/16 00	300	99.87	100.38	5.0000
Denmark -⅛ 96	1000	99.57	99.67	3.1875
Dresdner Finance 1/16 98 DM	1000	99.92	100.02	5.9688
Ferro del Stat 0.10 97	420	100.10	100.33	3.2250
Finland 0 97	1000	100.00	100.10	3.4141
Halifax BS 1/16 95 £	350	99.97	100.03	5.5000
Ireland 0 98	300	99.77	99.92	3.4400
Italy ¼ 98	2000	100.60	100.68	3.5625
Leeds Permanent ⅛ 96 £	200	99.99	100.07	5.6250
Lloyds Bank Perp S 0.10	600	85.06	86.06	3.5375
Malaysia 1/16 05	650	100.23	100.51	5.2500
Nationwide 0.08 96 £	300	99.85	99.96	5.5800
New Zealand -⅛ 96	250	100.00	100.11	3.4590
Renfe 0 98	500	99.45	99.65	3.3750
Societe Generale 0 96	300	99.62	99.75	3.2812
Stadtsbank Berlin -0.05 98 DM	6000	99.92	100.00	5.6125
State Bk Victoria 0.05 99	125	99.56	99.77	3.5344
Sweden 0 98	1500	100.20	100.27	3.6000
United Kingdom -⅛ 96	4000	99.91	99.95	3.1250

CONVERTIBLE BONDS

	Issued	Conv. Price	Bid	Offer	Prem.
Browning-Ferris 6¾ 05	400	52½	101	102	+83.64
Chubb Capital 6 98	250	86	104¼	105¼	+18.16
Eastman Kodak 6⅜ 01	300	41.52	107⅞	108⅞	+3.25
Gold Kalgoorlie 7½ 00	65	1.0554	124	125¼	+21.00
Hanson 9½ 06 £	500	2.5875	125⅜	126⅛	+12.28
Hawley Pref 6 02	400	19.1	134¼	136¼	
Land Secs 6¾ 02 £	84	6.72	110⅜	111⅞	-1.16
Lasmo 7¾ 05 £	90	5.64	93½	94½	
Mitsui Bank 2⅝ 03	200	2332.6	97⅛	98⅛	+24.88
Mount Isa Fin 6½ 97	100	2.283	102⅜	103⅜	+10.64
Natl Power 6¼ 08 £	250	4.33	125⅞	127⅞	+14.62
Ogden 6 02	85	39.077	96⅛	97⅛	+68.02
Smith Nephew 4 02 £	90	1.775	132½	133½	+58.91
Sumitomo Bank 3¾ 04	300	3606.9	92	93⅛	+29.22
Sun Alliance 7¼ 08 £	155	3.9	118⅛	119	+20.41
Tesco Capital 9 05 £	200	2.51	124⅛	125⅛	+36.47
Texas Instruments 2¾ 02	300	82⅞	103⅛	104⅛	+17.68

* No information available - previous day's price
‡ Only one market maker supplied a price

STRAIGHT BONDS: The yield is the yield to redemption of the bid-price; the amount issued is in millions of currency units. Chg. day=Change on day.
FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. Spread=Margin above six-month offered rate (‡three-month §above mean rate) for US dollars. C.cpn=The current coupon.
CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Cnv. price=Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem=Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

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UK GILTS PRICES

Notes	Yield Int	Yield Red	Price £	+ or -	1993/94 High	1993/94 Low
Shorts" (Lives up to Five Years)						
Treas 14½pc 1994‡‡	14.50	-	100xd	—	108¼	100
Exch 13½pc 1994	13.28	5.11	101¾	-1/32	109¾	101¾
Treas 10pc Ln 1994‡‡	9.85	5.07	101⅞	—	105¾	101⅞
Exch 12½pc 1994	12.03	5.02	103⅞xd	—	110⅞	103⅞
Treas 9pc 1994‡‡	8.74	4.95	102⅞	—	105¾	102⅞
12pc 1995	11.27	4.95	106¾	—	111¾	106¾
Exch 3pc Gas 90-95	3.06	4.79	98	—	98	94
10¼pc 1995	9.57	5.10	107⅛	-1/16	109⅞	107
Treas 12¾pc 1995‡‡	11.33	5.20	112½	-1/16	118⅞	112¾
14pc 1996	12.09	6.32	115¾	—	120⅝	115¾
15¼pc 1996‡‡	12.68	5.42	120⅜	—	125⅝	120⅜
Exch 13¼pc 1996‡‡	11.39	5.44	116¾	-1/16	130⅛	115¼
Conversion 10pc 1996	9.01	5.64	111	—	112⅞	108⅞
Treas 13¼pc 1997‡‡	11.05	5.78	119¾	-1/16	122⅜	118½
Exch 10½pc 1997	9.29	5.76	113xd	—	114¾	110⅜
Treas 8¾pc 1997‡‡	8.01	5.83	109¼xd	—	110⅞	105½
Exch 15pc 1997	11.58	5.97	129⅜	+1/16	132¾	127¾
9¾pc 1998	8.62	5.98	113⅛	+1/16	114¾	109⅛
Treas 7¼pc 1998‡‡	6.91	5.92	104⅞	+¼	106⅜	99¾
7¼pc 1998 B‡‡	6.82	5.93	104¾	+⅛	106⅛	101¾
Treas 6¾pc 1995-98‡‡	6.64	5.30	101¾	—	102¼	97¾
14pc '98-1	10.85	6.16	129⅛	+1/16	131⅝	125⅛
Treas 15½pc '98‡‡	11.26	6.05	137¾	+1/32	140¾	133¾
Exch 12pc 1998	9.72	6.21	123½	-1/16	126⅛	118⅞
Treas 9½pc 1999‡‡	8.32	6.13	114⅛	+1/32	118⅜	108⅛
Five to Fifteen Years						
Exch 12¼pc 1999	9.75	6.30	125⅝	-1/16	128½	120⅜
Treas 10½pc 1999	8.83	6.24	118⅞	—	121⅝	112¾
Treas 6pc 1999‡‡	6.00	6.01	99¾xd	+1/32	101¾	98¼
Conversion 10¼pc 1999	8.84	6.32	118¾	-1/16	121½	112⅛
9pc 2000‡‡	7.54	6.29	113¾xd	-1/32	118⅛	106
Treas 13pc 2000	9.75	6.53	133⅜	-1/32	136¾	125½
10pc 2001	8.41	6.60	118⅞xd	-3/32	122⅜	108¾
7pc '01‡‡	6.78	6.45	103⅜	-1/32	106⅜	97¾
9¾pc 2002	8.16	6.71	110⅞xd	-3/32	123⅜	108⅞
8pc 2003‡‡	7.29	6.56	109⅞	-1/32	113¾	97⅛
10pc 2003	8.15	6.73	122⅞xd	-1/16	127⅛	109⅝
Treas 11½pc 2001-4	9.12	6.79	126⅛xd	-1/32	129¾	116⅞
Funding 3½pc '99-4	4.29	5.80	82⅛	+1/32	86⅜	67⅞
Conversion 9½pc 2004	7.89	6.77	120⅜	+1/32	125¾	105⅝
Treas 6¾pc 2004‡‡	6.66	6.58	101¾	+1/32	105⅜	97¼
6¾pc 2004 A	6.67	6.57	101⅛	—	104⅞	100¼
Conv 9½pc 2005	7.86	6.79	120¾	—	125¾	105⅝
Treas 12½pc 2003-5	9.01	6.95	138⅜	-1/32	143¾	124⅛
7¾pc 2006‡‡	7.17	6.77	108⅛xd	+1/16	112¾	94¾
8pc 2002-6‡‡	7.44	6.79	107½	-1/32	111⅞	94⅞
Treas 11¾pc 2003-7	8.93	6.93	131⅝	-⅛	136⅛	118¾
Treas 8½pc 2007‡‡	7.42	6.82	114¾	+1/32	119¾	97⅛
13½pc '04-8	9.19	6.95	146⅞	-1/32	151¾	131⅜
Treas 9pc 2008‡‡	7.52	6.93	119⅝	+1/16	124¾	101¼
Over Fifteen Years						
Treas 8pc 2009	7.24	6.85	110⅜	-1/16	115⅞	92⅛
Treas 6¼pc 2010 (£50 paid)	7.13	6.78	44⅜	+1/16	45⅛	44⅛
Conv 9pc Ln 2011‡‡	7.40	6.85	121⅜	-1/32	126¾	100½
Treas 9pc 2012‡‡	7.36	6.84	122⅜	—	127¾	100⅛
Treas 5½pc 2008-12‡‡	6.23	6.60	88⅜xd	+1/32	94	70¼
Treas 8pc 2013‡‡	7.12	6.83	112⅝	-1/32	117¼	93⅞
7¾pc 2012-15‡‡	7.05	6.80	110	+1/32	114¾	89⅝
Treas 8¾pc 2017‡‡	7.14	6.80	122⅛xd	-1/32	128¼	97⅛
Exch 12pc '13-'17	7.85	7.01	152¾	-¼	159½	125¾
Undated						
Consols 4pc	7.10	-	56¼	+1/16	60	43⅝
War Loan 3½pc‡‡	6.86	-	51⅛	+1/32	54¾	38⅞
Conv 3½pc '61 Aft	5.18	-	67⅝	-1/16	71	60⅞
Treas 3pc '66 Aft	7.21	-	41⅝	+⅛	44⅝	33½
Consols 2½pc	7.02	-	35⅝	—	38½	28⅝
Treas 2½pc	7.12	-	35⅛	+⅛	37⅝	27⅜

Notes	Yield (1)	Yield (2)	Price £	+ or -	1993/94 High	1993/94 Low
Index-Linked (b)						
Treas. 2pc '94 (102.9)	-	-	137⅛	—	137⅛	131⅝
2pc '96 (67.9)	1.29	2.21	202¾xd	—	204½	194¾
4⅝pc '98‡‡ (135.6)	1.59	2.23	111¾	—	113⅜	105⅜
2½pc '01 (78.3)	2.29	2.64	174⅜	+⅛	178⅞	159
2½pc '03 (78.8)	2.51	2.80	171½	+⅛	173⅞	155
4⅝pc '04‡‡ (135.6)	2.55	2.83	116½	+1/16	118½	105½
2pc '06 (69.5)	2.64	2.86	181⅝	+⅛	184⅜	159¼
2½pc '09 (78.8)	2.83	3.03	164⅜	+1/16	168⅜	144
2½pc '11 (74.6)	2.88	3.06	171½xd	+1/16	175¾	148¾
2½pc '13 (89.2)	2.92	3.08	142¼xd	+1/16	146¼	122⅜
2½pc '16 (81.6)	2.97	3.12	152½	+1/16	157¼	130¾
2½pc '20 (83.0)	3.02	3.15	147⅛	+1/16	152¾	124¾
2½pc '24‡‡ (97.7)	3.01	3.12	124⅛	+1/16	129¼	102⅝
4⅛pc '30‡‡ (135.1)	3.03	3.14	124⅛	+1/16	128¾	103¼

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base for indexing (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in January 1987. Conversion factor 3.945. RPI for May 1993: 141.1 and for December 1993: 141.9.

Other Fixed Interest

Notes	Yield Int	Yield Red	Price £	+ or -	1993/94 High	1993/94 Low
African Dev 11¼ 2010	8.11	7.17	137¼	-⅛	142⅛	115⅞
Asian Dev 10¼pc 2009	8.00	7.17	128⅛	-10⅛	138⅛	108¾
B'ham 11½pc 2012	8.39	7.74	137	—	142	114
Ireland Cap 8½pc '10	7.56	-	112½	-½	120	85
9pc Cap 1996	8.76	-	102¾	-¼	116	97½
13pc '97-2	11.40	-	114	-¼	130	110
Hydro Quebec 15pc 2011	9.16	8.07	163¾	-¾	170⅛	139⅜
Leeds 13½pc 2006	9.29	-	145¼	—	149⅜	128
Liverpool 3½pc Irred	8.09	-	43¼	—	44⅜	34
LCC 3pc '20 Aft	7.74	-	38¾	—	40½	30½
Manchester 11½pc 2007	8.75	7.73	131½	—	138¼	114
Met. Wtr. 3pc 'B'	3.97	6.58	75½	—	78	63¼
N'wide Anglia 3⅞pc 2021	-	3.84	146	—	150⅞	117½
4⅛pc IL 2024	-	3.82	140½	—	145¼	115½
Utd Mex States 16½pc 2008	10.66	-	154¼	—	159½	132¼

■ 'Tap' stock. ‡‡ Tax-free to non-residents on application. E Auction basis. xd Ex dividend. Closing mid-prices are shown in pounds.

COMPANY NEWS: UK

Scottish Power agrees £250m N Sea gas deal

By James Buxton, Scottish Correspondent

Scottish Power yesterday underlined its ambitions in the UK gas market by contracting to buy the entire output of the Andrew field in the North Sea over a period of 15 years. The deal is worth about £250m, payable as the gas flows.

The contract will help support the future expansion of Scottish Power's subsidiary, Caledonian Gas, which expects sales in the 12 months to March 31 to be "several times" the £7m achieved in the previous year.

Mr Martin Fleming, managing director of Caledonian, said the deal was the biggest gas purchase the company had made. "It is a milestone for us which demonstrates that we have serious intent in the gas market."

He added that it would help Caledonian cater for the expansion of gas sales which is expected to follow the liberalisation of the UK domestic market from 1996 onwards.

Mr Mike Smith, one of Scottish Power's two chief operating officers, said the deal could also help the company "explore ways of improving the environmental profile of our generation business".

Scottish Power is considering investing in devices which reduce emissions of nitrous oxide from its coal burning power stations by burning some gas, enabling it to maintain coal burning at present levels in the face of stricter environmental controls.

The Andrew field is expected to produce 150bn cu ft of gas in addition to 100m barrels of oil after it comes on stream in January 1997. Daily gas output is likely to be between 25m and 35m cu ft.

The field, which is almost 200 km east of Aberdeen, is operated by BP Exploration in partnership with Lasmo, Fina, Agip and British Gas.

Caledonian, of which Utilicorp – the US gas company – has 25 per cent, supplies gas to nearly 4,000 commercial and industrial sites. It is now also focusing on the part of the domestic market which is already open to suppliers other than British Gas.

This week it begins trying to locate and sign up some of the 60,000 households which take more than 2,500 therms of gas a year from British Gas, meaning annual gas bills from British Gas of at least £1.12m.

Caledonian agreed in December to buy part of the output of the Baird field operated by Amoco off Bacton, Norfolk. Mr Fleming said the company had its "shopping basket out" to make other purchases.

National & Provincial jumps 51%

By Alison Smith

National & Provincial Building Society yesterday saw pre-tax profits advance 51 per cent to £121m for 1993, assisted by a 37 per cent decline to £68m in provisions for bad and doubtful debts.

The improvement at the UK's eighth largest building society follows 1992 results which saw total provisions rise to more than double the 1991 figure.

The society said that the stabilisation of house prices was a significant factor in the lower level of provisioning, contrasting the 8 per cent fall in 1992 with an increase of just under 2 per cent last year.

Despite the strong competition faced by the societies' sector for personal customers' savings, N&P's retail balances rose 8 per cent to £8.5bn, taking into account net receipts of £296m.

This enabled the society's wholesale funding ratio, which had been approaching the limit set by regulators at 29.3 per cent at December 1992, to fall back to 26.8 per cent by December 1993.

Net interest income rose to £269.2m (£252.4m), reflecting an increase in commercial assets.

Other income and charges, such as general insurance commissions, rose to £78.6m (£67.3m). It now amounts to almost one-quarter of total income of £348m (£320m).

Management expenses rose from £130.8m to £158.7m. Mr David O'Brien, chief executive, said that this reflected investment in extending the network, telephone service and systems.

As a result, cost/income ratio rose from 40.9 per cent to 45.6 per cent.

Mr John Wriglesworth, societies analyst at UBS, described the results as "sound" and said that he expected them to be better than average for the sector.

For the first time, the society made provisions for its regulated business in 1993, including the sale of personal pensions to people transferring out of occupational schemes; these totalled £4.6m.

N&P said it had paid particular attention to managing arrears and repossessions and by the end of 1993, the value of cases in arrears of three months or less was 29 per cent lower than at the end of 1992.

Its stock of unsold residential repossessions was 2,800 at the start of 1993, and 2,250 at the year-end.

Lower interest charges boost WHC

By Maggie Urry

Pre-tax profits at Westminster Health Care, the nursing home group, jumped from £1.6m to £5.2m for the six months to November 30, partly thanks to lower interest charges following the group's flotation last year.

Net interest costs were £310,000 (£2.74m). Earnings per share were 8.6p (5.4p) and the interim dividend is set at 1.75p.

Mr Patrick Carter, chief executive, said that after 10 months working with the new Community Care legislation, it was taking longer to fill beds in existing and new homes; but he said this had been anticipated, and WHC had held back opening new homes during the first half.

The effect was marginal, with 57 per cent of revenue coming from non-social services budgets. The rule changes had led to differential pricing for state-funded residents, which now ranged from £280 a week – the old social security rate – to £400 plus in areas such as London.

During the half year 186 beds were added, taking the total to 3,429, and with a further 581 due to come on stream in the second half there would be 4,010 by the May year end.

Plans were in place to increase this to 5,000 by the end of its 1995 year.

The group is testing a new business, running an acute surgery unit in Devon performing operations for the National Health Service.

The unit had been acquired from the receivers in November and was being assessed to see whether returns would justify investment.

Mr Carter said the changes in the nursing home business, which had increased the private sector's provision of beds, would probably be repeated in surgery. This could provide a growth area when nursing homes began to mature.

Turnover rose 41 per cent to £23.9m (£17m) for pre-interest profits up 26 per cent to £5.48m (£4.34m).

Mr Kent Phippen, finance director, said the squeeze on margins reflected higher costs associated with being a quoted company, the slower fill rate and an upgrading of the computer system needed to deal with a range of local authority purchasers rather than with the DSS.

Mr Phippen said gearing at 23 per cent was lower than expected. Cashflow funded more than half the £10.4m spent on fixed assets.

● COMMENT

The shares have performed well since the float at 260p last April. Since then a number of other operators have come to market fostering the idea that nursing homes provide a sure route for profit growth. But, as Sir Jimmy Goldsmith said, if you spot a bandwagon you have missed it. Greater stock selectivity is now creeping into the sector. WHC has proved itself to be one of the winners in operational terms, and it is encouraging to see it testing a related business without indulging in great expense. One concern might be that National Medical Enterprises, which retained a 42 per cent stake after the float, might one day want to sell just when WHC needs to raise further capital for expansion. Meanwhile, on forecasts of about £11.3m for the year, against £4.3m, the prospective p/e approaches 21. No longer a compelling buy, but unlikely to disappoint in the medium term.



Trevor Humphries

Patrick Carter, left, and Kent Phippen: testing the investment and growth potential for acute surgery units serving the NHS

Camco turns in £20.6m

Camco International, which until December 9 last year was a wholly owned US subsidiary of Pearson, the owner of the Financial Times, yesterday published its results for the year to end-December.

Because the figures were prepared under US accounting rules they are not directly comparable, but will account for some £20.6m of Pearson's operating profits when it announces its 1993 results on March 28 this year.

Camco now has a listing on the New York Stock Exchange.

Asset growth at Mid Wynd

Net asset value at Mid Wynd International Investment Trust amounted to 439.3p per share at December 31.

The figure compared with values of 362.2p at June 30 and 326.8p at end-December 1992, and directors of this Baillie Gifford-managed trust said the value had increased further, to 449.9p, by the end of January.

Available revenue for the six months dropped to £151,650 (£200,792), reflecting sharply reduced investment income, for earnings of 3.02p (4p) per share. Nevertheless, the interim dividend is raised to 2.5p (2.4p).

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corres - ponding dividend	Total for year	Total last year
Flying Flowers ....fin	1.08☆	Apr 8	-	1.08	-
Mid Wynd Intl ....int	2.5	Apr 6	2.4	-	6
Sec Alliance Tst....int	13	Mar 31	12.5	-	39
Second Market ....fin	4.3‡	May 6	4.3	4.3	4.3
W'minster Health ....int	1.75	Apr 11	-	-	0.5

Dividends shown pence per share net except where otherwise stated. ☆Gross - equivalent to 1.35p for Jersey holders. ‡Includes special 2.3p.

NEWS DIGEST

Parkside opens at 14p premium

Shares in Parkside International, the Yorkshire-based packaging group, opened yesterday at a 14p premium to the 110p flotation price.

The company, with a market capitalisation of £32.8m, said it expected to raise £12m through the sale of 11.04m shares. Trading volume yesterday was put at 3.6m shares, although the closing price was unchanged on the day.

Roxspur suspended

Shares of Roxspur, the maker of steel furniture and playgroup equipment, were suspended yesterday at the company's request.

The company said it expected to make a clarifying statement in the near future.

The suspension was at 26p, up 2½p on the day and a 12 month high.

Second Market Inv

Second Market Investment Company raised diluted net asset value by 55 per cent from 304.9p to 473.2p in 1993, or from 310p to 482.1p undiluted.

Pre-tax profits for the year fell from £968,474 to £906,881, after an exchange loss of £21,477 (gain £70,282). Earnings per share came to 6.17p (6.13p) and the single dividend is 4.3p (same) which again includes a special 2.3p.

Throgmorton 1000

Throgmorton 1000 Smallest Companies Trust reported a net asset value of 136.59p per share at the December 31 interim stage, against 118.41p six months earlier and 98.4p at end-1992.

Assuming exercise of warrants the figures were 130.5p compared with 115.34p and 99.03p respectively. Earnings per share were 1.16p (1.34p).

Second Alliance

Second Alliance Trust had a net asset value of £18.96p per stock unit at January 31, up from £16.40p at its July year-end and £15.70p at end-January 1993.

After the preference dividend, available profits for the six month period improved from £3.74m to £4.01m, equivalent to earnings of 20.9p (19.49p) per stock unit.

The interim dividend goes up 0.5p to 13p.

Loctite buy

Loctite UK, a wholly owned subsidiary of Loctite Corporation, has acquired Plastic Padding Holdings for an estimated £10m.

Loctite Corporation is a speciality chemicals company whose principal markets include the industrial, automotive and consumer sectors. Plastic Padding, which achieved sales of £10.8m in 1993, is a producer of automotive aftermarket chemicals.

LMS acquisition

London Merchant Securities, the property and investment company, has acquired a portfolio of 19 retail properties from Abchurch Properties for about £9.25m.

The properties are spread throughout the UK and about 80 per cent of the income flows from multiple retailers. The initial yield is in excess of 8 per cent.

Brent Intl expands

Brent International, the specialist chemical manufacturer, has bought ICP West, a California-based supplier of specialist chemicals, for $3.87m (£2.65m) cash.

Management accounts showed ICP made pre-tax profits of $600,000 in 1993 on turnover of $5m. Assets at completion were valued at $600,000.

INTERNATIONAL ECONOMIC INDICATORS: BALANCE OF PAYMENTS

Trade figures are given in billions of European currency units (Ecu). The Ecu exchange rate shows the number of national currency units per Ecu. The nominal effective exchange rate is an index with 1985=100.

■ UNITED STATES

	Exports	Visible trade balance	Current account balance	Ecu exchange rate	Effective exchange rate
1985	279.8	−174.2	−162.5	0.7623	100.0
1986	230.9	−140.6	−152.7	0.9836	80.2
1987	220.2	−131.8	−145.0	1.1541	70.3
1988	272.5	−100.2	−107.5	1.1833	66.0
1989	330.2	−99.3	−92.2	1.1017	69.4
1990	309.0	−79.3	−72.1	1.2745	65.1
1991	340.5	−53.5	−8.7	1.2391	64.5
1992	345.8	−64.1	−51.2	1.2957	62.9
1993				1.1705	65.6
1st qtr.1993	95.1	−21.8	−18.7	1.1920	66.4
2nd qtr.1993	95.3	−25.4	−22.5	1.2069	64.3
3rd qtr.1993	99.7	−27.2	−24.5	1.1443	65.4
4th qtr.1993				1.1388	66.4
January 1993	30.9	−6.3	n.a.	1.2132	66.4
February	31.2	−6.7	n.a.	1.1839	66.7
March	33.0	−8.9	n.a.	1.1789	66.2
April	31.5	−8.3	n.a.	1.2214	64.3
May	32.0	−6.9	n.a.	1.2161	63.9
June	31.8	−10.2	n.a.	1.1833	64.5
July	32.7	−9.2	n.a.	1.1349	65.9
August	33.8	−8.9	n.a.	1.1251	65.7
September	33.2	−9.1	n.a.	1.1728	64.7
October	34.8	−9.4	n.a.	1.1597	65.5
November	35.5	−9.0	n.a.	1.1282	66.6
December 1993			n.a.	1.1287	67.0

■ JAPAN

	Exports	Visible trade balance	Current account balance	Ecu exchange rate	Effective exchange rate
1985	230.6	76.0	64.5	180.50	100.0
1986	211.1	96.2	86.9	165.11	124.4
1987	197.3	96.1	75.5	166.58	133.2
1988	219.8	80.7	66.8	151.51	147.3
1989	245.3	70.5	52.4	151.87	141.9
1990	220.0	50.1	26.3	183.94	126.0
1991	247.4	63.1	82.9	166.44	137.0
1992	254.8	101.8	89.8	164.05	142.9
1993	300.0	120.7	111.0	130.31	173.8
1st qtr.1993	72.4	29.8	30.2	144.38	158.5
2nd qtr.1993	73.4	29.0	26.1	132.76	172.4
3rd qtr.1993	79.8	31.9	27.9	120.89	183.7
4th qtr.1993	74.7	30.0	26.7	123.20	180.2
January 1993	23.0	8.9	7.4	151.67	151.3
February	23.9	10.5	9.4	142.87	159.2
March	25.5	10.4	13.6	138.61	164.4
April	24.6	10.0	9.7	137.17	167.8
May	23.4	10.1	8.9	134.15	171.0
June	25.3	8.8	7.5	126.97	178.2
July	26.9	11.5	9.9	122.24	181.1
August	26.5	9.8	8.5	116.79	188.2
September	26.4	10.7	9.6	123.63	181.8
October	24.7	9.7	9.0	124.03	180.4
November	24.6	9.5	8.1	121.66	181.8
December 1993	25.4	10.8	9.5	123.92	178.5

■ GERMANY

	Exports	Visible trade balance	Current account balance	Ecu exchange rate	Effective exchange rate
1985	*242.6*	*39.2*	*21.7*	*2.2260*	*100.0*
1986	*248.6*	*53.3*	*40.3*	*2.1279*	*106.8*
1987	*254.3*	*56.6*	*39.6*	*2.0710*	*115.3*
1988	*272.6*	*61.5*	*42.9*	*2.0739*	*114.6*
1989	*310.2*	*65.3*	*52.3*	*2.0681*	*113.5*
1990	323.9	51.5	37.2	2.0537	119.1
1991	327.4	11.2	−16.2	2.0480	117.7
1992	330.6	16.8	−19.5	2.0187	121.2
1993				1.9337	124.6
1st qtr.1993	76.9	4.5	−4.0	1.9476	125.6
2nd qtr.1993	75.1	7.8	−2.9	1.9530	124.0
3rd qtr.1993	76.9	6.8	−8.7	1.9180	123.9
4th qtr.1993				1.9161	124.8
January 1993	25.4	1.3	−2.7	1.9592	125.3
February	27.4	1.5	−1.9	1.9437	125.8
March	24.0	1.7	0.8	1.9399	125.7
April	25.5	2.0	−2.4	1.9483	125.5
May	24.8	2.9	−1.1	1.9548	124.1
June	25.1	2.8	0.6	1.9559	122.6
July	24.3	2.5	−3.8	1.9483	122.0
August	28.3	1.9	−3.5	1.9081	123.6
September	26.3	2.4	−1.3	1.8896	126.1
October	27.2	4.6	−2.4	1.8995	126.2
November			0.7	1.9182	124.5
December 1993				1.9306	123.7

■ FRANCE

	Exports	Visible trade balance	Current account balance	Ecu exchange rate	Effective exchange rate
1985	133.4	−3.6	−0.2	6.7942	100.0
1986	127.1	0.0	3.0	6.7948	102.8
1987	126.3	−4.6	−3.7	6.9265	103.0
1988	141.9	−3.9	−3.4	7.0354	100.8
1989	162.9	−6.3	−3.6	7.0169	99.8
1990	170.1	−7.2	−7.2	6.9202	104.8
1991	175.4	−4.2	−4.9	6.9843	102.7
1992	182.5	4.6	2.7	6.8420	106.0
1993				6.8281	108.3
1st qtr.1993	42.9	2.2	1.0	6.8067	110.0
2nd qtr.1993	44.0	3.2	2.1	6.8118	109.7
3rd qtr.1993	44.4	3.7	3.5	6.8508	108.4
4th qtr.1993				6.8431	107.3
January 1993	13.9	0.47	0.85	6.8437	109.7
February	14.7	0.76	0.33	6.8548	110.3
March	14.4	0.98	−0.15	6.8918	109.9
April	14.5	0.95	−0.08	6.8575	110.5
May	15.1	1.60	2.27	6.8636	109.8
June	14.4	0.82	−0.15	6.8542	108.9
July	15.0	1.79	1.04	6.8299	107.0
August	14.1	0.44	1.27	6.8781	105.3
September	15.3	1.49	1.16	6.8485	107.0
October	14.7	1.36	1.12	6.8831	106.9
November	14.8	0.99	0.47	6.8637	106.8
December 1993				6.8025	108.2

■ ITALY

	Exports	Visible trade balance	Current account balance	Ecu exchange rate	Effective exchange rate
1985	103.7	−16.0	−5.4	1443.0	100.0
1986	99.4	−2.5	−1.4	1461.6	101.4
1987	*100.7*	*−7.5*	*−2.1*	*1494.3*	*101.2*
1988	108.3	−8.9	−8.0	1538.8	97.8
1989	127.8	−11.3	−17.0	1509.2	98.6
1990	133.6	−9.3	−18.0	1523.2	100.6
1991	137.0	−10.5	−17.1	1531.3	98.9
1992	137.9	−8.0	−20.6	1591.5	95.7
1993				1836.7	79.6
1st qtr.1993	32.4	0.8	−2.4	1838.8	80.5
2nd qtr.1993	36.6	3.9	2.3	1814.2	81.2
3rd qtr.1993	34.2	6.1	3.4	1813.0	79.8
4th qtr.1993				1879.8	77.0
January 1993	9.7	0.5	−1.9	1809.3	82.5
February	11.0	0.4	−0.0	1833.6	80.8
March	11.7	−0.1	−0.5	1876.4	78.5
April	11.8	1.1	0.3	1871.4	79.0
May	12.4	1.2	0.9	1793.2	82.2
June	12.5	1.6	1.1	1778.0	82.5
July	14.7	4.4	3.0	1796.8	80.8
August	7.6	0.8	1.8	1804.2	79.7
September	12.0	0.9	−1.3	1838.0	78.9
October				1854.9	78.2
November				1880.7	77.0
December 1993				1903.8	76.1

■ UNITED KINGDOM

	Exports	Visible trade balance	Current account balance	Ecu exchange rate	Effective exchange rate	
1985	132.4	−5.7	3.8	0.5890	100.0	1985
1986	108.3	−14.2	−1.3	0.6708	91.8	1986
1987	*112.3*	*−18.4*	*−7.1*	*0.7047*	*90.1*	1987
1988	120.9	−32.3	−25.0	0.6843	95.5	1988
1989	137.0	−36.7	−33.5	0.6728	92.6	1989
1990	142.3	−26.3	−25.6	0.7150	91.3	1990
1991	147.7	−14.7	−10.9	0.7002	91.7	1991
1992	145.5	−18.2	−11.6	0.7359	88.4	1992
1993				0.7780	80.2	1993
1st qtr.1993	37.4	−4.2	−3.3	0.8017	78.5	1st qtr.1993
2nd qtr.1993	37.8	−4.1	−3.0	0.7862	80.2	2nd qtr.1993
3rd qtr.1993	40.5	−3.8	−2.4	0.7605	81.0	3rd qtr.1993
4th qtr.1993				0.7835	81.1	4th qtr.1993
1993 January	12.6	−1.4	n.a.	0.7809	80.5	1993 January
February	12.3	−1.5	n.a.	0.8179	76.8	February
March	12.5	−1.3	n.a.	0.8061	78.2	March
April	12.4	−1.5	n.a.	0.7894	80.5	April
May	12.5	−1.3	n.a.	0.7855	80.5	May
June	12.8	−1.3	n.a.	0.7837	79.6	June
July	13.2	−1.5	n.a.	0.7585	81.3	July
August	14.0	−0.5	n.a.	0.7545	81.0	August
September	13.3	−1.7	n.a.	0.7685	80.8	September
October	13.5	−0.9	n.a.	0.7712	80.4	October
November	12.9	−1.4	n.a.	0.7620	81.0	November
December 1993			n.a.	0.7573	81.7	December

Due to the introduction of the Single Market, EC countries are currently changing to a new system of compiling trade statistics. All trade figures are seasonally adjusted, except for the Italian series and the German current account. Imports can be derived by subtracting the visible trade balance from exports. Export and import data are calculated on the FOB (free on board) basis, except for German and Italian imports which use the CIF method (including carriage, insurance and freight charges). German data up to and including June 1990, shown in italics, refer to the former West Germany. The nominal effective exchange rates are period averages of Bank of England trade-weighted indices. Data supplied by Datastream and WEFA from national government and central bank sources.

NOTICE OF REDEMPTION

at the option of the Holders of

Federal Realty Investment Trust

5 1/4% Convertible Subordinated Debentures due 2002

NOTICE IS HEREBY GIVEN that pursuant to paragraph 5(d) of the Terms and Conditions of the Debentures, and Sec. 7 of the Fiscal Agency Agreement dated as of April 30, 1987, the Debentures are subject to redemption on April 30, 1994 *at the option of the holder* thereof at a Redemption Price equal to 120% of the principal amount or portion thereof submitted for redemption, together with accrued interest thereon to April 30, 1994.

In order to receive the Redemption Price, the Debentures, together with all coupons maturing after the redemption date in the case of bearer Debentures, must be received at the offices of the Paying Agents, as set forth below, on or before the close of business on March 31, 1994 (but not prior to February 28, 1994). Bearer Debentures, with pertinent coupons attached, must be surrendered to the Paying Agents outside of the United States. The Debentures submitted must be accompanied by a properly completed redemption notice to the Issuer, which will be made available at the offices of the Paying Agents, instructing the Issuer to redeem the Debentures, or a portion thereof in denominations of US$1,000 or US$10,000, or an integral multiple thereof. Interest on the Debentures tendered for optional redemption will cease to accrue on and after April 30, 1994.

Notice of optional redemption from the holder duly received by a Paying Agent shall be irrevocable, except that the holder who provides such notice retains the right to convert the Debentures tendered into Common Shares at the rate of US$30.625 for each US$1,000 principal amount of Debentures, on or prior to April 30, 1994. In order to convert, the holder must surrender the Debenture(s) to be converted, or the non-transferable receipt of deposit of any Debenture initially tendered for redemption, to the Paying Agent (if such Paying Agent is also a Conversion Agent), or to the Conversion Agents as indicated below, on or prior to April 30, 1994, together with the conversion notice appearing on the reverse of the Debenture duly completed. Bearer Debentures, with pertinent coupons attached, should be surrendered for conversion to the Conversion Agents located outside the United States. Debentures will be converted in denominations of US$1,000 or integral multiples thereof. Cash adjustments will be made in lieu of fractional shares resulting from the conversion.

PAYING AND CONVERSION AGENTS

Citibank, N.A.
Citibank House
336 Strand
London WC2R 1HB, U.K.

Citibank, N.A.
Avenue de Tervuren, 249
B-1150 Brussels
Belgium

Citibank, N.A.
Piazza Della Republica 2
Milan, Italy

Citibank, N.A.
111 Wall Street, 5th Fl.
New York, N.Y. 10043
U.S.A.

PAYING AGENTS

Citibank, N.A.
Citicenter
19 Le Parvis, La Defense 7
Paris, France

Citibank, N.A.
Herengracht 545/549
Amsterdam
The Netherlands

Citicorp Investment Bank (Luxembourg) S.A.
16 Avenue Marie Therese
Luxembourg

Citibank, N.A.
Neue Mainzer Strasse 40/42
6000 Frankfurt/Main
Germany

Citicorp Investment Bank (Switzerland)
Bahnhofstrasse 63
8021 Zurich, Switzerland

By: Federal Realty Investment Trust

Dated: February 11, 1994

The Financial Times plans to publish a Survey on

U.S. Communications

Monday 7th
Communications Revolution
Tuesday 8th
Key Technologies
March 8

The U.S. Communications industry is currently the largest and most advanced in the world. The changes happening now will have implications for the entire world. This survey will therefore be essential reading for key decision makers in over 160 countries worldwide.

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Mortgage Backed Floating Rate Notes due 2017

Notice is hereby given that the Rate of Interest has been fixed at 5.71875% for the interest period 11th February, 1994 to 11th May, 1994.

The Interest amount payable on 11th May, 1994 will be £521.52 in respect of each £37,400 Principal Amount Outstanding of each Note.

Canadian Imperial Bank of Commerce

Agent Bank
11th February, 1994

The Financial Times
TELECOMMUNICATIONS
Forward Survey Programme 1994

U.S. Communications
8 March
Information and Communications Technology
16 March
Telecommunications in Business
15 June
Mobile Communications
7 September
Cable and Satellite Broadcasting
4 October
International Telecommunications
18 October

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Guaranteed Floating Rate Notes due 1997

(Coupon No. 8)

Pursuant to Note conditions, notice is hereby given that for the interest period 14th February, 1994 to 15th August, 1994 (182 days), an interest rate of 3.95 per cent. per annum will apply.

Amount per coupon (No. 8) = U.S. $99.85
Payable on the 15th August, 1994

LTCB

The Long-Term Credit Bank of Japan, Limited
London Branch
Agent Bank

The United Mexican States Floating Rate Notes Due 2000

The applicable rate of interest for the period February 14, 1994, through and including August 11, 1994, to be paid on August 12, 1994, a period of 179 days, is 4.5625%. This rate is 15/16% above the offered rate for six-month deposits in U.S. Dollars which appeared on the display designated as the British Bankers Association's Interest Settlement Rate (3.75%) as quoted on the Dow Jones/Telerate Monitor as Telerate Screen No. 3750 as at 11:00 A.M. (London Time) on February 10, 1994.

The above rate equates to an interest payment of USD 22.68576 per USD 1,000.00 in principal amount of Notes.

Banco Nacional de Mexico, NY

February 10, 1994

LWT rejects Granada's final £776m offer as still 'far too low'

By Raymond Snoddy

London Weekend Television yesterday appealed to shareholders to reject Granada's increased offer for the company as still "far too low".

Last week Granada announced a final offer worth about £776m, or 750p, in a deal that offered 13 new Granada shares and 100p cash for every 10 LWT shares with a 686p cash alternative.

In a new circular to shareholders yesterday Sir Christopher Bland, LWT chairman, said the offer failed to reflect "not only the level of our 1993 earnings but also the earnings which we are confident we can achieve in future."

Sir Christopher argued that LWT was a premium franchise which should only be sold at a premium price.

LWT directors refused to be drawn about whether they would quit if the Granada bid proved successful. However, Sir Christopher said some directors had figured prominently in a Granada organisation chart drawn up for running an enlarged company.

He emphasised that the importance of management should not be underestimated. LWT said that all directors, who together hold 6.7 per cent of the company, intended to reject Granada's offer as will 32 senior management shareholders who own 32 per cent of the company.



Putting shareholders in the picture over the latest developments: Sir Christopher Bland (left) with Greg Dyke, his chief executive

Mr Gerry Robinson, chief executive of Granada said LWT's defence was strong on presentation but weak on content.

"In their latest document the board of LWT have made no fundamentally new points," said the Granada executive, who added that the argument in favour of size and resources has been won and that LWT risks being marginalised.

Both sides plan to spend this week making presentations to institutional investors who will decide the outcome. The final date for acceptance is February 25.

Valentine bloom for Flying Flowers

By Gary Evans

Flying Flowers, the UK's sole quoted flowers-by-post business, celebrated St Valentine's Day by announcing more than doubled 1993 pre-tax profits of £1.1m, against £533,000.

The result compared with a forecast last August of not less than £940,000 at the time of the Jersey-based company's flotation.

Total sales expanded from £5.36m to £7.05m.

Mr Walter Goldsmith, chairman, said the results reflected strong trading in postal packs of flowers. This was achieved by mailing to an increasingly large database and by direct response advertising.

Additional sales were generated by the progressive involvement with retail chains, mail order and credit card companies.

Mr Goldsmith said the company was now offering a postal pack service for delivery to most northern European countries and would be market testing an advertising offer in France for Mother's Day.

The carnation nursery in Jersey produced about 4m blooms in 1993, he said, although production was inhibited by unusually low natural light levels.

The 17-acre Jersey site had become one of the island's most successful tourist attractions, generating extra revenues.

The company is paying a dividend 25 per cent higher than expected of 1.08p gross to UK shareholders – equivalent to 1.35p for Jersey holders – against a flotation forecast of 0.866p and 1.083p to UK and Jersey shareholders respectively.

Earnings per share climbed from 3.06p to 5.19p.

Mr Goldsmith said the company entered 1994 "with a strong balance sheet, no borrowings and a consistent growth record".

Cash and short term deposits at the end of 1993 were £751,000.

The shares rose 1p to 96p yesterday.

Bananas on a growth curve

Tim Coone on Fyffes' strategy for expansion in Europe and the US

The 1994 year will be decisive for Fyffes, the Dublin-based fruit and vegetable distributor.

The shadow boxing it has been engaging in for the past three years since its £60m rights issue is about to become a real test of financial muscle, business skill and stamina as its expansion plans in Europe and the US pitch it headlong into combat for market share with the established "majors" such as Chiquita, Dole and Del Monte.

Fortunately for Fyffes, the rules of engagement have been written in its favour. The new EU banana import regime, introduced last July, favours distributors that source bananas from the protected markets of African, Caribbean and Pacific producing countries – mainly from the Caribbean – as well as the cheaper "dollar-banana" countries of Central and South America.

Its rivals, which import primarily "dollar bananas", stand to lose as much as 50 per cent of their market share under the new rules, according to analysts in Dublin, which is why the "majors" and Latin American producer countries are fighting such a stiff rearguard action to have the new import regime challenged through GATT.

Fyffes' expansion plan remains vulnerable to that challenge.

Earlier this month it announced that its banana business will expand by more than 50 per cent in 1994, from 17m boxes to 28m, or some 500,000 tonnes in total.

Until recently Fyffes was importing some 100,000 tonnes a year into the continental European market. By this time next year that figure is expected to have grown to more than 250,000 tonnes.

Fyffes' bananas are about to become as familiar to German, Danish and French families as they are to British and Irish ones. Altogether, Fyffes will control about 14 per cent of the European market, placing it second in the European league behind Chiquita.

The main source of this supply will be from a new 9,000-acre plantation in Guatemala, which is being financed by Fyffes, and which is also to feed some 2m boxes of bananas into the US this year.

To secure the distribution chain, additional ships have been bought or chartered, and import licences have been purchased in the European market.

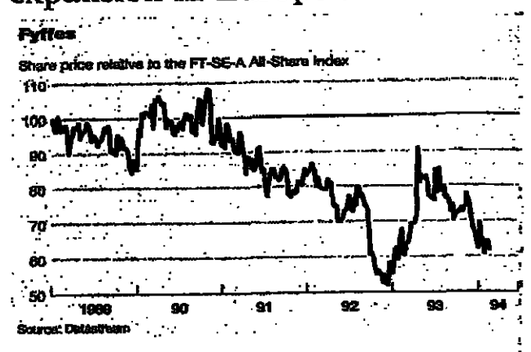
Should the EU import regime now unravel, then Fyffes will be exposed to a free-for-all and oversupply in the market.

Nonetheless, the company has a strong balance sheet with no debt and £92m (£88m) in cash. This puts it in a powerful position to sit out any price war, and to make substantial acquisitions on the European mainland to strengthen its control of the distribution network.

According to Mr Carl McCann, finance director, "up to £300m" could be spent on acquisitions, which would take gearing to a still-manageable 100 per cent.

Entering the US market has been the other leg of Fyffes' strategic development plan. This will be "a very cautious and phased development", according to Mr McCann.

Some 2m boxes of bananas are planned to be sold there this year, but this will be increased as opportunities arise and will provide a "safety valve" should prices weaken in Europe.



Mr David McCann, managing director in charge of operations, explained that the new Guatemalan plantation puts Fyffes closer to the US market than most of its competitors, giving it an edge in transport costs.

A reefer ship is now dedicated to this trade, but is still a long way from carrying full loads, so the maximum benefits of Fyffes' geographical advantage will only be realised as its share of the US market grows.

Despite the lingering uncertainties, analysts in Dublin have been impressed by the group's plans and pleased that management has finally shaken off a traditional reticence about discussing group strategy with brokers and financial journalists.

"We can at least now see where they are going and make better judgments and forecasts," said one analyst. Most brokers have upgraded their forecasts and are predicting pre-tax profits of about £35m this year, rising to almost £40m in 1995.

However, cynical minds among them have questioned whether the motivation for this new-found desire for frankness and publicity might not be pointed in another direction.

Last year, Dole made a friendly bid for Fyffes at 115p per share, which prior to the bid had been a six-year high. Fyffes would be a prize acquisition for one of the "majors" under the new EU regime.

Key shareholders, including the McCann family which controls 8 per cent of the company, considered the bid carefully, but then turned it down. Since then the share price has fallen back and languished at about 100p to 105p.

Mr Neil McCann, executive chairman, said he had "no regrets" for having rejected the offer. But when asked if he would consider another approach by Dole he said: "We will look at anything that comes along, and we will look at it on its merits."

Adscene expands with £2m purchase of free weekly titles

Adscene Group, the Canterbury-based newspaper publisher, is expanding its interests with the acquisition of JJ Priebe Holdings for £2.1m, satisfied by the issue of 646,154 shares at 325p.

Hereford-based Priebe publishes two free weekly newspapers with a combined circulation of about 105,000. The purchase extends Adscene's portfolio of local newspapers to 34, producing 755,000 copies of both paid for and free newspapers each week.

In the nine months to December 31 Priebe had turnover of £1.22m and profit before tax of £141,449. Net assets were £427,329.

Mr Harry Lambert, chairman and chief executive of Adscene, said he expected Priebe to make a small contribution to profits in the current year and, after bringing additional marketing resources to bear, a full contribution from June 1994.

He said that the the group was confident that cost savings could be achieved by bringing the typesetting and printing activities in-house, which will have benefits for the printing company in Welshpool.

NEWS IN BRIEF

BRISTOL SCOTTS is selling the freehold of a completed office building comprising 10,000 sq ft to the TSB Staff Pension Fund for £1.48m cash. The realised profit of £360,000 over book value, subject to disposal costs, will be included in the 1994 results. Bristol Scotts has also sold its Sheekeys restaurant business for an initial £35,000. A further payment of up to £10,000 may become due.

CREST NICHOLSON: valid acceptances to the recent rights issue have been received in respect of 21.64m shares, or 96 per cent of the number offered.

EFG is taking its disposal programme a step further with the sale of its Nutscene and Minety businesses for £455,000. Combined net assets amount to £318,000.

IMI has sold 75 per cent of Brook Street Computers to Sanderson Electronics and the remaining 25 per cent to the management of Brook Street. Consideration of about £600,000 will be satisfied partly in Sanderson shares and partly in cash.

NO PROBE: the proposed acquisitions of Meldon Quarry and Euston Holdings by ECC Construction Materials and of Kerax Holdings by Burmah Castrol will not be referred to the Monopolies and Mergers Commission.

PHOENIX TIMBER has, through its PTG Properties subsidiary, exchanged contracts to sell its freehold land at Edmonton Wharf to Ashmore Investment for £535,000 cash. Proceeds will be used to reduce debt.

SAFELAND, the property trading and investment group, has bought a retail investment property in south Wales for £1.1m from Polruan Properties. The property is a 22,600 sq ft retail unit, currently occupied by Gateway supermarkets.

Notice to the Holders of Notes issued under the Mortgage-Backed Euro-Commercial Paper Programme of MAES ECP No.1 PLC

(the "Programme" and the "Issuer" respectively)

Notice is hereby given that on 4th February, 1994 Abbey National PLC acquired the entire issued share capital of CIBC Mortgages PLC and a related company, Mortgages PLC. As a consequence of this acquisition, the obligations of Canadian Imperial Bank of Commerce under the Mortgage Sale Agreement, Management Agreement, Guaranteed Rate Reinvestment Agreement, Programme Agreement, Forex Agreements and CIBC Facility Agreement (all as defined in the master Definitions Schedule dated 11th November, 1988 relating to the Programme) have been assumed by Abbey National PLC or, in the case of the Guaranteed Rate Reinvestment Agreement and the CIBC Facility Agreement, by Abbey National Treasury Services PLC, and Canadian Imperial Bank of Commerce has been released from such obligations. Consequently (inter alia) the function of Manager will now be performed by Abbey National PLC.

Copies of the Global Amending Agreement effecting such assumption and making certain consequential amendments to certain other documents to which the Issuer is a party (other than the Backstop Facility Agreement (as defined in the said Master Definitions Schedule)) and copies of the documents referred to above may be inspected at the offices of the Issuing and Paying Agent, details of which are set out below.

Although consequential amendments were not made to the Backstop Facility Agreement, Clause 10.1 of the Global Amending Agreement referred to above contains an undertaking by the Issuer to The Chase Manhattan Bank, N.A., as trustee, the effect of which is that, without prejudice to their existing rights under the Backstop Facility Agreement, the Agent Bank and the Backstop Banks (both as defined in the said Master Definitions Schedule) may treat the Backstop Facility Agreement for all purposes as if certain consequential amendments had been made to it.

Issuing and Paying Agent
Canadian Imperial Bank of Commerce,
Cottons Centre, Cottons Lane,
London SE1 2QL.

By: Canadian Imperial Bank of Commerce, London
Issuing and Paying Agent 15th February, 1994

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Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Provisional Price for Trading on 15.02.94 Pool purchase price £/MWh	Final Price for Trading on 14.02.94 Pool purchase price £/MWh	Pool selling price £/MWh
0030	17.15	18.10	18.10
0100	17.16	23.60	24.84
0130	19.23	23.60	24.84
0200	19.23	23.60	24.84
0230	19.19	23.60	24.84
0300	19.19	23.60	24.84
0330	19.19	23.60	24.84
0400	17.17	23.60	24.84
0430	17.15	23.60	24.84
0500	17.14	18.11	18.11
0530	17.15	22.91	24.26
0600	17.15	23.19	24.54
0630	18.80	23.19	24.54
0700	19.09	23.19	24.54
0730	19.53	23.20	24.54
0800	20.34	24.12	25.46
0830	23.49	23.36	24.71
0900	36.99	24.12	25.47
0930	47.49	24.12	25.47
1000	48.62	24.12	25.47
1030	39.94	24.12	25.47
1100	38.59	24.12	25.47
1130	38.11	24.12	25.47
1200	41.55	24.13	25.48
1230	40.52	24.13	25.48
1300	37.68	24.12	25.47
1330	27.28	24.11	25.46
1400	24.82	24.11	25.46
1430	22.06	23.32	24.66
1500	21.48	24.11	25.46
1530	21.22	24.14	25.50
1600	21.62	30.87	32.49
1630	25.53	39.94	42.71
1700	46.88	53.68	67.65
1730	70.15	60.38	63.20
1800	79.29	53.59	56.77
1830	69.63	35.21	36.93
1900	50.67	30.40	31.83
1930	29.81	26.34	27.71
2000	20.49	25.65	27.09
2030	18.47	23.32	24.68
2100	18.04	23.20	24.34
2130	18.00	23.19	24.54
2200	18.70	23.19	24.54
2230	17.19	23.19	24.54
2300	17.14	23.19	24.54
2330	17.06	18.10	18.10
2400	17.06	18.09	18.09

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £18.88/MWh becomes 1.888p/kWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreement which governs the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The calculation of pool prices is a highly complex process the product of which is subject to revision or correction post timescales really established until final pool prices are determined approximately twenty-four days after the day of trading. Accordingly, due to the possibility of their revision and/or correction, no reliance should be placed upon provisional pool prices for any day being the same as final pool prices for that day. Pool pool prices are also capable of revision. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Further information on pool prices is provided on behalf of the Pool by Energy Settlements and Information Services Limited. Anyone wishing to receive such information should telephone 0602-456789 between 8.30am and 5.45pm Monday to Friday.

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Issue of titres participatifs ECU 100,000,000 with warrants

For the period of remuneration ending on August 10, 1994, a TMOE of 6.25 per cent or an ECU LIBOR of 6.226560 per cent, as the case may be, will be used to calculate the coupon. This coupon payable on August 10, 1994, will not be less than ECU 33.01 for each titre participatif of ECU 1,000, inducing an annual rate of 6.602 per cent for the period. The definitive coupon will be known after the publication of the net consolidated income for 1993.

FIDELITY GLOBAL SELECTION FUND
Société d'Investissement à Capital Variable
Kansallis House
Place de l'Etoile
L-1021 Luxembourg

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the Annual General Meeting of the Shareholders of FIDELITY GLOBAL SELECTION FUND, a société d'investissement à capital variable organised under the laws of the Grand Duchy of Luxembourg (the "Fund"), will be held at the registered office of the Fund, Kansallis House, Place de l'Etoile, Luxembourg, at 11:00 a.m. on Thursday, February 24, 1994, specifically, but without limitation, for the following purposes:

1. Presentation of the Report of the Board of Directors.
2. Presentation of the Report of the Auditor.
3. Approval of the balance sheet and income statement for the fiscal year ended October 31, 1993.
4. Discharge of the Board of Directors and the Auditor.
5. Election of six (6) Directors, specifically the re-election of Messrs. Edward C. Johnson 3d, Barry R. J. Bateman, Charles T. M. Collis, Sir Charles A. Fraser, Jean Hamilius and H. F. van den Hoven, being all of the present Directors.
6. Election of the Auditor, specifically the election of Coopers & Lybrand, Luxembourg.
7. Proposal, recommended by the Board of Directors, to amend Article Fifteen of the Fund's Articles of Incorporation in its entirety, principally in order to delete the specific limitations in the nature of investment safeguards and to delete the description of certain of the powers of the Board of Directors set forth therein and to substitute more general language in order to provide greater discretion to the Board of Directors in determining the Fund's investment safeguards and permissible investments, and to describe more generally the Board's authority to manage the Fund's business, subject to the requirements of Luxembourg law and regulation. Copies of Article Fifteen as proposed to be amended may be obtained from the Fund at its registered office in Luxembourg and are being mailed to all registered shareholders with this Notice of Meeting.
8. Consideration of such other business as may properly come before the meeting.

Approval of items 1 through 6 of the agenda will require the affirmative vote of a majority of the shares present or represented at the meeting with no minimum number of shares present or represented in order for a quorum to be present.

Approval of item 7 of the agenda will require the affirmative vote of two-thirds (2/3) of the shares present or represented at the Meeting at which a majority of the outstanding shares must be present or represented; if a quorum is not present, then at an adjourned session of the Meeting, approval of item 7 shall require the affirmative vote of two-thirds (2/3) of the shares present or represented at the Meeting with no minimum number of shares present or represented in order for a quorum to be present.

Subject to the limitations imposed by the Articles of Incorporation of the Fund with regard to ownership of shares which constitute in the aggregate more than three percent (3%) of the outstanding shares, each share is entitled to one vote. A shareholder may act at any meeting by proxy.

Dated: January 20, 1994 BY ORDER OF THE BOARD OF DIRECTORS

Fidelity Investments

The Financial Times plans to publish a Survey on

Britain's Ethnic Businesses

on Thursday June 16.

The survey will report on the important contribution made to the economy by ethnic minority businesses in the United Kingdom. It will examine how their future prospects will be affected by competition at home and from abroad, and how they are responding to the challenge of economic revival in the UK.

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King & Shaxson buys Greig Middleton

By Simon Davies

King & Shaxson, the listed discount house and money-broking company, is to purchase Greig Middleton, one of the UK's largest private client stockbroking companies, in a push to create a more stable income base.

The offer values Greig Middleton at £18.5m, which will be paid through the issue of 1.6m ordinary shares, convertible loan stock which could add 5.6m shares, and a further 4.8m shares to be issued three years after completion. Assuming full conversion, the acquisition will result in a 43 per cent increase in King & Shaxson's issued share capital.

King & Shaxson has been in discussions with the broker for more than two years. It already owns a moneybroking subsidiary and has been keen to expand from its highly volatile discount business into fee-based financial services.

Greig Middleton employs 300 people and has £2bn under management within its private client operations. It also has an institutional sales and research business and has expanded into corporate finance. It is 25 per cent-owned by four outside investors, who purchased their stake in 1986 for an undisclosed sum.

According to Mr Ian Perkins, King & Shaxson's managing director, Greig Middleton remained profitable in the aftermath of the 1987 crash. In the year to July 16 1993 it reported pre-tax profits of £2.9m on turnover of £19.8m.

Greig Middleton is threatened with litigation from a group of investors in relation to losses in the Second Greig Middleton Enterprise Zone Trust. The fund raised £10.7m in 1991 for investment in a London Docklands office tower, the main tenant of which went into receivership, removing the fund's only source of income.

King & Shaxson has ensured "as far as is possible" that any payments in relation to these proceedings will be covered by the former shareholders of Greig Middleton.

The broker has shareholders' funds of only £7m, but shareholders who are employed by Greig Middleton will only receive their King & Shaxson share entitlements if they remain with the group or leave under agreed circumstances.

Mr Mark Kemp-Gee, Mr Mark Sherriff and Mr Norman Andrews, respectively chairman, deputy chairman and managing director of Greig Middleton, will all join the board of King & Shaxson.

Clinical Computing flotation to raise £3m

By Tim Burt

Clinical Computing, the medical software group, yesterday announced a flotation price of 134p to raise £3.1m net from a placing of 4.05m shares.

Mr Michael Gordon, executive chairman, said the funds raised would be used to accelerate the development of its Proton software package, used mainly as a medical information database in the UK and the US.

"The flotation will increase the company's ability to raise additional capital to finance future growth," he added.

The group, which develops computer information systems for clinical use, said institutions had already taken up all the shares on offer, representing 25 per cent of the enlarged capital.

Of those shares, 2.85m have been issued by the company while Mr Gordon has agreed to sell 960,000 shares and Mr Conrad Venn, technical director, 240,000.

Following the flotation, handled by brokers Keith Bayley Rogers, existing directors will retain more than 66 per cent of the enlarged share capital, with 32.5 per cent being held by Mr Gordon.

The pathfinder prospectus, published yesterday, showed the company made a £1.16m pre-tax profit on turnover of £2.6m in the 1993 year. This compared with a pre-tax loss of £549,000 on turnover of £2m in the previous 17 month period.

Mr Jeremy Woan, chief executive, said the 1992 deficit was due almost entirely to "non-recurring directors' emoluments" of £737,816.

Since then, he added, the directors involved, Mr Gordon and Mr Venn, had agreed to employment contracts on annual salaries of £85,000 and £75,000 respectively. Mr Woan will also receive £75,000.

In the current financial year, the estimated aggregate remuneration and benefits in kind payable to directors is expected to be about £340,000.

Trading is expected to begin on February 17.

A watchful eye on the short trouser brigade

David Wighton on the forthcoming launch of International Biotechnology Trust

Now might not seem the best possible time to launch Britain's first biotechnology investment trust.

After a flurry of biotechnology flotations, virtually all of which are currently trading at a discount to their issue price, UK investors' enthusiasm appears to be cooling.

However, Mr Jeremy Curnock Cook, of Rothschild Asset Management, argues that the timing is perfect.

"The biotechnology sector as a whole is at least two and a half times undervalued compared with major pharmaceuticals companies in terms of the products in the pipeline. Competition for those new products is bound to increase, forcing up share prices in the near to medium-term."

To take advantage of the predicted upturn Rothschild's will next month launch the International Biotechnology Trust – a listed trust intending to focus on recently floated biotech companies.

It is hoping to raise about £100m from a placing and offer for subscription of shares and warrants by Robert Fleming. About a quarter of the issue will be available for private investors.

The trust will be managed by the same Rothschild's team that runs Biotechnology Investments, a 12-year-old fund now valued at over $200m (£137m).

The team is headed by Mr Curnock Cook, who joined Rothschild's in 1987 after selling the biotechnology company he founded to Shell. He believes that now is the time to invest in the sector partly because of the downward pressure on drug prices caused by healthcare reforms, particularly in the US.

"In future, the major pharmaceuticals companies will have to rely on innovative new products, not price, to drive their profits. Yet when they turn to their own pipelines they look rather bare."

The top 10 quoted pharmaceuticals companies, which have a market value six times that of all the world's listed biotechnology companies, have 20 per cent fewer new products in clinical trials.

Moreover, Rothschild's argues that the biotechnology companies tend to be developing innovative products with greater market opportunities than those in the pipelines of the established companies which are often refinements of existing products.

However, partly because of this wealth of potential products the biotechnology industry faces a "funding hiatus", according to Mr Curnock Cook.

"A huge amount of money went into the industry in 1991 with an explosion of flotations. The funds were spent getting a large number of products half way up the development ladder."

Now the companies need cash for the most expensive part of the process, the clinical trials. "But the money won't come from the public markets and the pharmaceuticals industry is not going to start writing cheques at that level."

This is where the International Biotechnology Trust sees its opportunity. It plans to take stakes of between 5 and 10 per cent in companies which went public up to two years ago or intend to float within the next year. Although its investment would be limited to some $15m it would normally lead a syndicate of other investors. It will be looking for companies with strong technology and identifiable market opportunities but also with a low market valuation and some management weaknesses.

"Many of the companies which came to the market in 1991-92 were still in short trousers and are now suffering from holes in the management," says Mr Curnock Cook.

The companies in which the trust invests will have access not only to the 10-strong investment team – with experience in science, industry, finance and management – but also a distinguished panel of scientific consultants, including professors from Cambridge, Edinburgh and New York universities.

The board of non-executive directors will include leading figures from the US biotechnology industry such as Mr Ted Greene, founder of Amylin Pharmaceuticals, and Mr James Grant, a former deputy commissioner of the US Food and Drug Administration.

The annual management fee will be 1.375 per cent of net assets with other expenses estimated at 0.28 per cent. Based on gross proceeds of £100m the total launch costs are expected to be 3.1 per cent.

The trust will have a geographic spread roughly in line with the industry, 70 per cent of which is based in the US, and will have an initial life of at least five years.

Although managed by the same team the trust will have little overlap with Biotechnology Investments, which has a large portfolio of holdings acquired earlier in companies' lives. The trust's individual investments will be bigger but should also be somewhat less risky.

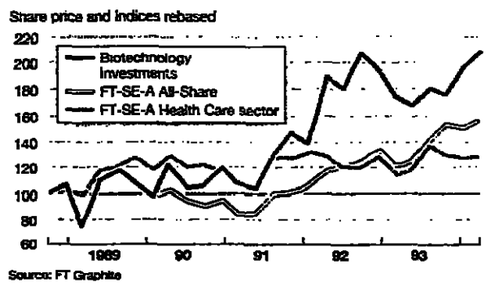
The prospectus will highlight the particular risks of investing in biotechnology, not least the extreme volatility of shares in the sector, but Rothschild's can point to the record of Biotechnology Investments.

According to NatWest Securities this was the best performing UK-listed investment company in the venture capital and unquoted securities sectors in the five years to September 1993.



Jeremy Curnock Cook: the timing is perfect

Biotechnology Investments' outperforms



Source: FT Graphite

Verity back in the black with £0.44m

By John Murrell

Verity Group, the manufacturer and distributor of Wharfedale and Mission loudspeakers, yesterday reported a return to profit and a link to maximise its potential in Asia.

For the half year to end-December the Surrey-based group, which moved from the USM to a listing last summer, swung from losses of £1.35m to profits of £444,000 pre-tax. The turnround was achieved on a £4.8m rise in turnover to £11.6m.

The link-up is with Tomei Group, a Hong Kong-based maker of electronic and electrical products. The two companies have formed a joint venture whereby Tomei will manufacture and distribute certain Wharfedale products in China, Hong Kong and Indonesia.

Sir Gordon Brunton, chairman of Verity, said Tomei had distribution access to some 5,000 sales outlets throughout China. He added that trading in east Asia was expected to bring important benefits to both companies.

Tomei will also raise its stake in Verity from 7.71 per cent to 9.97 per cent via the purchase of 5m new ordinary shares at 13p, costing £650,000.

Verity will hold 32 per cent of the venture with Tomei holding the balance. Previously Tomei acted as a distributor for Verity products.

Control of Cascade, which distributed Wharfedale products in the UK, has passed to Ross Group. Mr Syd Edels, former chairman of Cascade, has left the board and Mr Johnny Lau, chairman of Tomei, has joined as a non-executive director.

Mission was acquired in October 1992 and for the interim period contributed turnover of £7.67m, some 66 per cent of the group's total.

Other contributing factors to the turnround were lower interest charges and a reduction in overheads.

Early indications lead the directors to believe that the rest of the financial year will continue the progress made in the opening half.

Earnings per share emerged at 0.2p (losses 1.9p). Comparative figures have been adjusted to conform with FRS 3.

Needler Group warns of near $1m losses

Needler Group, the USM-quoted Canadian building materials company, expects net losses of between $900,000 and $950,000 (£650,000) for 1993.

The company blamed depressed trading conditions in the Buffalo and Rochester areas of the US.

The Canadian aggregate and concrete block activities, however, remained in profit.

The shares closed unchanged yesterday having fallen 5p to 41p on Friday.

Additional Interest Statement
The Walt Disney Company
U.S. $400,000,000
Senior Participating Notes Due 1999

☒ Quarterly Statement — Dated: February 15, 1994
for the period from October 1 to December 31, 1993 (the "Period")

☐ Semiannual Statement
for the period from February 28, 199_ to August 31, 199_ (the "Period")

☐ Annual Statement for the period from September 1, 199_ to August 31, 199_ (the "Period")

Pursuant to the terms of the above-referenced Notes, this Additional Interest Statement (the "Statement") is being furnished to Holders of such Notes of The Walt Disney Company (the "Company"). Capitalized terms used in this Statement have the meanings ascribed to them in the Notes and the Fiscal Agency Agreement, dated as of October 1, 1992, between the Company and Citibank, N.A., as Fiscal Agent, Principal Paying Agent, Transfer Agent and Registrar. The information contained in this Statement is given for both the Period covered by this Statement (indicated by the box checked above) and for the period from October 20, 1992, the date of issuance of the Notes (the "Issue Date"), through the end of the Period covered by this Statement.

This Statement is accompanied by a descriptive report discussing the activity and status of Eligible Films. Copies of such descriptive report can be obtained by Holders of the Notes upon request to the Fiscal Agent at the following address and telephone number: Citibank, N.A., 120 Wall Street, New York, New York 10043; Attention: Corporate Trust Department; telephone: (212) 412-6215. If this Statement is an Annual Statement, it is also accompanied by a Supplemental Audit Report of the Company's independent public accountants. In this Statement, references to "$" are to United States dollars.

1. Names of Eligible Films included in the Portfolio:

a. For the Period:	b. From the Issue Date through end of Period:
Cool Runnings	A Muppet Christmas Carol
The Three Musketeers	The Cemetery Club
Sister Act 2: Back In the Habit	The Adventures of Huck Finn
	Indian Summer
	Guilty As Sin
	Life With Mikey
	What's Love Got To Do With It
	Son-in-Law
	Hocus Pocus
	Another Stakeout
	My Boyfriend's Back
	Father Hood
	The Joy Luck Club
	Money For Nothing
	Cool Runnings
	The Three Musketeers
	Sister Act 2: Back In the Habit

2. Names of short subjects to which any portion of Total Revenues has been allocated:
   a. For the Period: N/A
   b. From the Issue Date through end of Period: N/A
3. Names of the Eligible Films together with which the above short subjects were released:
   a. For the Period: N/A
   b. From the Issue Date through end of Period: N/A

Form of Statement after Inclusion of two Eligible Films in the Portfolio:

	For the Period:	From the Issue Date through end of Period:
4. Aggregate Negative Costs of Eligible Films in the Portfolio	$126,372,000	$404,899,000
5. The Portfolio Amount	$109,104,000	$377,223,000
6. Aggregate Domestic Theatrical Rentals of Eligible Films in the Portfolio*	$43,261,312	$122,089,578
7. Calculation of Contingent Interest:		
Total Revenues	$82,767,365	$149,838,144
Distribution Fees	($10,984,289)	($26,221,675)
Estimated Third Party Participation Payments**	($3,136,868)	($7,491,907)
Residuals	($142,035)	($142,035)
Short Subject Revenues	$ 0	$ 0
Eligible Film Revenues	$48,502,673	$115,982,527
Base Amount	$ 0	($800,000,000)
Eligible Film Revenues in Excess of Base Amount	$ 0	$ 0
	x50%	x50%
Contingent Interest	$ 0	$ 0
8. Contingent Interest paid per $1,000 principal of Notes	$ 0	$ 0
9. Supplemental Interest	$ 0	$ 0
10. Supplemental Interest paid per $1,000 principal amount of Notes	$ 0	$ 0
11. Provisional Interest	$ 0	$ 0
12. Provisional Interest paid per $1,000 principal amount of Notes	$ 0	$ 0

* Domestic Theatrical Rentals of Eligible Films in the Portfolio are adjusted on a pro rata basis in the same manner as Eligible Film Revenues are prorated pursuant to the Notes.

** Actual Third Party Participation Payments are used with respect to the Final Interest Payment.

If this Statement is an Annual Statement, the Company has indicated below whether any default by the Company in the performance and observance of its obligations under the Notes or the Fiscal Agency Agreement has occurred and/or is continuing.

☒ No Default
☐ Yes; Description: _____

The Walt Disney Company
By /s/ Steven J. Schoch
Vice President - Assistant Treasurer

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Notice
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£200,000,000 Mortgage Backed Floating Rate Notes due 2018 of MAES Funding No.1 PLC
(the "Notes" and the "Issuer" respectively)

Notice is hereby given that on 4th February, 1994 Abbey National PLC acquired the entire issued share capital of CIBC Mortgages PLC and a related company, Mortgages PLC. As a consequence of this acquisition, the obligations of Canadian Imperial Bank of Commerce under the Mortgage Sale Agreement, the Administration Agreement, the Acquisition Agreement and the Guaranteed Rate Reinvestment Agreement (all as defined in the Master Definitions Schedule dated 20th July, 1988 relating to the Notes) have been assumed by Abbey National PLC or, in the case of the Guaranteed Rate Reinvestment Agreement, Abbey National Treasury Services PLC, and Canadian Imperial Bank of Commerce has been released from such obligations. Consequently (inter alia) the function of Administrator will now be performed by Abbey National PLC.

Copies of the documentation effecting such assumption and making certain consequential amendments to other documents to which the Issuer is a party, and copies of the documents referred to above, may be inspected at the offices of the Paying Agents, details of which are set out below.

Paying Agents

Canadian Imperial Bank of Commerce, Cottons Centre, Cottons Lane, London SE1 2QL.

Banque Générale du Luxembourg S.A., 14 Rue Aldringen, L-2951 Luxembourg.

By: Canadian Imperial Bank of Commerce London
Principal Paying Agent — 15th February, 1994

Notice
to the Holders of the £300,000,000 Mortgage Backed Floating Rate Notes due 2017 of MAES Funding No.2 PLC
(the "Notes" and the "Issuer" respectively)

Notice is hereby given that on 4th February, 1994 Abbey National PLC acquired the entire issued share capital of CIBC Mortgages PLC and a related company, Mortgages PLC. As a consequence of this acquisition, the obligations of Canadian Imperial Bank of Commerce under the Mortgage Sale Agreement, the Administration Agreement, the Acquisition Agreement, the Start-up Loan Agreement and the Guaranteed Rate Reinvestment Agreement (all as defined in the Master Definitions Schedule dated 20th June, 1989 relating to the Notes) have been assumed by Abbey National PLC or, in the case of the Guaranteed Rate Reinvestment Agreement and the Start-up Loan Agreement, by Abbey National Treasury Services PLC, and Canadian Imperial Bank of Commerce has been released from such obligations. Consequently (inter alia) the function of Administrator will now be performed by Abbey National PLC.

Copies of the documentation effecting such assumption and making certain consequential amendments to other documents to which the Issuer is a party, and copies of the documents referred to above, may be inspected at the offices of the Paying Agents, details of which are set out below.

Paying Agents

Canadian Imperial Bank of Commerce, Cottons Centre, Cottons Lane, London SE1 2QL.

Banque Générale du Luxembourg S.A., 14 Rue Aldringen, L-2951 Luxembourg.

By: Canadian Imperial Bank of Commerce London
Principal Paying Agent — 15th February, 1994

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COMMODITIES AND AGRICULTURE

Pressure mounts for cuts at Russian aluminium smelters

By Kenneth Gooding, Mining Correspondent

Russia's aluminium smelters have been given until Thursday this week to come up with proposals that will enable the government to meet its undertaking to cut annual aluminium production by 500,000 tonnes over the next six months.

Smelter managers have been told by Mr Oleg Soskovets, first deputy prime minister, to decide among themselves who should cut output and by how much, according to western industry observers.

The Russian industry is looking particularly towards its two biggest smelters, at Bratsk, which has an annual capacity of 850,000 tonnes, and the 760,000-tonne Krasnoyarsk plant to make most of the cuts. Smaller smelters say they have no room for manoeuvre as whole communities depend on their output. Cuts at the two big smelters would not be a matter of life and death as it would be for them.

However, both Bratsk and Krasnoyarsk are resisting the pressure, pointing out they are now private entities with private shareholders to think about.

Only Novokuznetsk so far has volunteered a contribution. It will close one building for modernisation and take 30,000 tonnes, or about 11 per cent, from its annual capacity of 280,000 tonnes.

"I am sure the smelters will come up with a solution – it is too big a risk for them not to," said Mr Horst Peters, general manager, technology marketing for VAW of Germany, which is helping Novokuznetsk to modernise. He pointed out that, although the smelter managers had considerable independence from Moscow, they understood that if they did not agree to make output cuts the European Union might continue to restrict Russian aluminium imports and that anti-dumping charges might be made by the US industry. "The smelters understand there has to be joint action or their two biggest markets might be blocked," said Mr Peters.

The smelter managers also understood the connection between record London Metal Exchange aluminium stocks and low prices, he added.

Mr Peters suggested the Russian smelters were already under considerable financial pressure and having to cut costs in the face of squeezed margins. At the Siberian smelters, for example, average wages had been increased from the equivalent of $50 a month to $300 in the past year and "a year ago they had a margin of $800 a tonne, now they are struggling to survive."

MARKET REPORT

Base metal prices extend losses

Most base metals prices extended last week's losses yesterday as short-term sentiment switched towards the downside with the recent speculative uptrend losing momentum, London Metal Exchange dealers said.

ALUMINIUM prices broke lower in after hours trading, with the three months delivery position falling below the $1,250-a-tonne level as the market lost some enthusiasm over the current round of output cuts. Long holders had seen recent announcements of cuts as an opportunity to take profits, and there was further to go on the downside, dealers suggested. Noranda Aluminium Noranda, a subsidiary of Noranda of Canada, said yesterday it would cut output at its New Madrid, Missouri, smelter by about 22,000 tonnes a year by delaying the relining of pots and reducing amperage. The cut will be implemented within 90 days.

COPPER prices were fairly resilient, holding close to the $1,850-a-tonne three months level after early rises attracted sellers. But dealers warned that there was further scope on the downside and some thought a test of support at $1,830 a tonne was likely soon.

The **ZINC** market slid back in line with the overall trend, although some support seemed to be developing around $960 a tonne, with final business at $966, down $9.

LEAD prices fell to session lows after the afternoon trading ring as stop-loss selling orders were triggered by a breech of the $490-a-tonne level. Final business was at a one-month low of $482 a tonne, a $14 loss from last Friday. Although the fundamental picture was constructive for lead, in the short term the market was coming under pressure from the overall re-alignment in metal prices.

The London Commodity Exchange's **COFFEE** and **COCOA** markets both ended a routine day in the minus column as they continued bereft of any fundamental news.

Precious metals prices picked up after a slow start with **GOLD** closing $2 up at $382.75 a troy ounce, **SILVER** 9 cents up at $5.34¼ an ounce and **PLATINUM** $3.75 up at $393.75 an ounce.

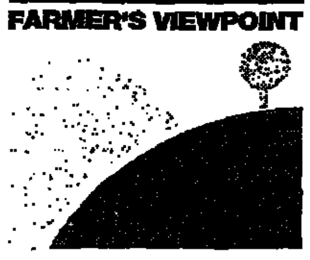
Dealers saw few fresh factors affecting the markets, which were still dominated by the weaker dollar following the breakdown of US-Japanese trade talks. Gold's indifferent performance had been predicted on the charts, which had been signalling a sideways drift for several weeks, one dealer said.

Compiled from Reuter

NFU president faces the unpalatable facts

David Naish is prepared for change, but some of his members hanker after the past

FARMER'S VIEWPOINT



By David Richardson

Almost imperceptibly over the last few years the National Farmers' Union of England and Wales has changed from the whingeing body many still believe it to be into a positive, forward-looking organisation, ready to meet, head-on, the undoubted challenges ahead.

At least its leaders have changed. In the backwoods, some grass roots members still expect the government to provide them with a living through guarantees and subsidies; and there are probably far more of them than the union's leaders would care to admit.

Last week's annual meeting in London illustrated the point. Ten or 15 years ago the keynote speech by the president of the day was often a long tirade against the inadequacies of government farm policies. It normally contained demands for increases in guaranteed prices of a whole range of farm commodities. That was the kind of speech the membership expected and it had been like that for most of the 90 years of the union's history.

But at last week's event, significantly entitled "Farming in Society", Mr David Naish, the NFU president, sought to create a different mood. And he did so at a time when agriculture faced more and potentially greater challenges than for 60 years.

Although average UK farm incomes increased by over 60 per cent in 1993 – largely a result of the 1992 sterling devaluation and compensation for the set-aside and price cuts imposed by CAP reform – they did so from a very low base. Furthermore ongoing reform, followed by further Gatt-inspired restrictions, would lead, said Mr Naish, to "turbulent" times for farmers over the next few years.

The price-cuts and compensation package is scheduled to continue for two more years, after which there is no firm policy except that the level of those guaranteed prices which remain will be below most UK farmers' current production costs. And although both the European Commission and the UK government claim the requirements of the Gatt deal are compatible with CAP reform the NFU and other commentators are not convinced. They believe further price and production cuts are inevitable.

But apart from stressing the need for new policies to be "applied equitably across the European Union and the world", Mr Naish accepted the challenge these changes would bring. He went on, moreover, to state that agriculture had just two choices to consider – reducing production or accepting more price cuts.

It was clear that for the long-term he favoured the removal of production restrictions and the acceptance of much freer markets based on world values, not least because he questioned whether taxpayers would be prepared to fund more and more set-aside. Open-ended support systems, he declared, did farmers no favours; they merely distorted marketing decisions and made the process of change even more difficult.

Nevertheless, he demanded that farmers should not be abandoned to the whims of a totally unregulated market and that his members should not be sacrificed on the altar of free trade. The question was not whether farmers should be supported, he said, but what form the support should take. And he went on to suggest that it should be tied to the holistic relationship farmers have with the countryside – as its guardians as well as producers of safe food.

These were brave, and to insiders, radical words from a man who faced re-election the following day.

The NFU insists on subjecting its leaders to a vote every year; and if a sitting president fails to receive the support of 80 per cent of the council he can be ousted from office. Clearly the incumbent cannot afford to offend more than a few of the 80 or so members of that ruling body, or the regions they represent, if he is to survive. And at the end of Mr Naish's speech to the AGM, the applause was, to say the least, subdued.

In spite of that, Mr Naish and his two deputies, both of whom have been associated with the new positive approach of the union, were all re-elected. Perhaps most of those who voted were feeling charitable because of those increased incomes last year. Or perhaps the grass roots membership is at last coming to terms with the fact that change is inevitable and they must either accept the challenges or get out of the business.

In any case, the re-election of the NFU's top team seems likely to lead to even greater official advocacy of sound farm business principles rather than reliance on government. That means improving efficiency and getting more from the market. As Mr Naish put it in his address: "We must be determined to produce what our customers require – not just what we want to produce". To such an audience those were very brave words indeed.

Kuwait considers hedging to stabilise oil revenues

By Robert Corzine in Kuwait City

Kuwait is considering the use of financial hedging instruments such as oil futures to help stabilise government revenues, which have been badly hit by low oil prices.

Some international banks are said to have made recent representations to Kuwaiti government officials on the advantages of using futures' contracts to hedge a portion of their oil revenues. They are reported to have have cited Mexico as an example of an oil producer that uses hedging techniques to cover about 10 per cent of its petroleum export revenues.

No decision has been made on whether to adopt such a strategy, according to industry officials. But they stress the importance to the country of stabilising government revenues, which are overwhelmingly dependent on the prices of oil and petroleum products.

Bankers and industry analysts have suggested in recent months that members of the Organisation of Petroleum Exporting Countries could reduce their vulnerability to sharp falls in volatile short-term oil prices by adopting hedging strategies. Some Opec members, however, are restricted by domestic laws that bar such practices. The hedging issue is just one element of a current debate in Kuwaiti government circles over ways to reduce the impact of wildly fluctuating oil revenues. One of the most contentious issues is whether Kuwait should expand its international exploration and production activities in non-Opec countries, where any discoveries would fall outside the Opec quota system.

Opec has blamed independent producers for undermining already weak oil markets by expanding production at a time of low prices.

World oil prices took a fall yesterday as traders at the New York Mercantile Exchange started selling heating oil futures in the belief that the worst of the Arctic winter in the US was over, reports Reuter.

At the London International Petroleum Exchange the April futures contract for the world benchmark Brent Blend of crude oil traded as low as $13.45 a barrel, down 31 cents from Friday, before rallying in the afternoon.

Brokers said the decline was led by the Nymex where heating oil tumbled on forecasts of above-normal US temperatures later this week. At midday Nymex's March heating oil futures contract was down 2.5 cents, about 5 per cent, to just under 48.5 cents a US gallon.

It was Europe's turn to feel the cold as icy Siberian winds swept westward. But wholesalers said consumer stocks of heating fuel in Germany – the biggest European market – were relatively high, so the European cold snap might have to last some time before it had an impact on oil demand.

In the longer term, the Vienna-based secretariat of the Organisation of Petroleum Exporting Countries cut its forecast of likely underlying oil demand in the forthcoming April-June quarter.

An Opec official said the latest estimate was for a requirement for the cartel's oil of 23.17m barrels a day, down 240,000 from its previous estimate.

COMMODITIES PRICES

BASE METALS

LONDON METAL EXCHANGE

(Prices from Amalgamated Metal Trading)

■ ALUMINIUM, 99.7 PURITY ($ per tonne)

	Cash	3 mths
Close	1228-9	1250-1
Previous	1244-5	1264.5-6.5
High/low		1270/1242
AM Official	1229-9.5	1251-2
Kerb close		1242-43
Open int.	279,643	
Total daily turnover	93,297	

■ ALUMINIUM ALLOY ($ per tonne)

Close	1101-4	1120-2
Previous	1106-12	1125-30
High/low		1128/1120
AM Official	1100-05	1120-25
Kerb close		1115-20
Open int.	3,595	
Total daily turnover	354	

■ LEAD ($ per tonne)

Close	474.5-5.5	488-9
Previous	480-1	493-4
High/low	478	497/482
AM Official	478-8.5	491.5-92
Kerb close		482-82.5
Open int.	34,084	
Total daily turnover	8,636	

■ NICKEL ($ per tonne)

Close	5710-15	5770-75
Previous	5770-80	5835-40
High/low	5707	5840/5760
AM Official	5705-07	5760-65
Kerb close		5780-85
Open int.	54,348	
Total daily turnover	14,367	

■ TIN ($ per tonne)

Close	5365-75	5420-25
Previous	5370-80	5425-30
High/low		5440/5420
AM Official	5370-80	5425-30
Kerb close		5430-35
Open int.	19,152	
Total daily turnover	4,236	

■ ZINC, special high grade ($ per tonne)

Close	947.5-5.5	967-8
Previous	954-5	972-3
High/low	947.5	978/965
AM Official	947-7.5	966.5-7.5
Kerb close		966-67
Open int.	105,081	
Total daily turnover	23,458	

■ COPPER, grade A ($ per tonne)

Close	1827.5-28.5	1850-1
Previous	1823.5-4.5	1844-45
High/low	1826	1855/1847
AM Official	1826-6.5	1848.5-49
Kerb close		1848-49
Open int.	256,730	
Total daily turnover	74,437	

■ LME AM Official £/$ rate: 1.4693

LME Closing £/$ rate: 1.4713

Spot:1.4652 3 mths:1.4594 6 mths:1.4556 9 mths:1.4525

■ HIGH GRADE COPPER (COMEX)

	Close	Day's change	High	low	Open int	Vol
Feb	84.80	-0.30	84.80	84.80	453	89
Mar	85.00	+0.85	85.30	84.10	29,739	8,861
Apr	85.05	+1.00	85.05	84.10	816	53
May	84.95	+0.80	85.20	84.15	18,523	4,703
Jun	84.95	+0.75	84.70	84.70	846	2
Jul	84.95	+0.70	85.20	84.20	7,012	1,375
Total					67,187	15,216

PRECIOUS METALS

■ LONDON BULLION MARKET

(Prices supplied by N M Rothschild)

Gold (Troy oz.)	$ price	£ equiv.
Close	382.50-383.00	
Opening	381.60-382.00	
Morning fix	381.90	260.683
Afternoon fix	383.25	260.537
Day's High	383.40-383.80	
Day's Low	381.60-382.00	
Previous close	380.50-381.00	

Loco Ldn Mean Gold Lending Rates (Vs US$)

1 month .... 2.96 6 months 3.04
2 months .... 2.97 12 months 3.20
3 months 2.99

Silver Fix	p/troy oz.	US cts equiv.
Spot	357.70	526.00
3 months	361.90	530.05
6 months	366.20	534.75
1 year	374.85	545.20

Gold Coins	$ price	£ equiv.
Krugerrand	383-386	261-263
Maple Leaf	393.50-396.00	-
New Sovereign	90-93	61-64

Precious Metals continued

■ GOLD COMEX (100 Troy oz.; $/troy oz.)

	Sett price	Day's change	High	low	Open int	Vol.
Feb	383.9	+3.9	383.6	382.3	611	55
Mar	384.3	+3.9	384.0	384.0	12	-
Apr	385.6	+3.9	385.8	383.5	67,307	11,336
Jun	387.6	+3.9	387.8	385.6	29,115	773
Aug	389.5	+3.9	389.5	387.5	4,990	3
Oct	392.2	+4.0	390.9	390.9	4,223	30
Total					137,254	13,212

■ PLATINUM NYMEX (50 Troy oz.; $/troy oz.)

Apr	397.7	+4.7	397.9	394.0	14,216	1,082
Jul	398.0	+4.8	397.5	394.0	3,001	34
Oct	398.7	+5.0	397.5	397.0	436	131
Jan	399.7	+5.0	400.0	397.0	233	7
Apr	400.7	+5.0	400.0	400.0	6	-
Total					17,892	1,254

■ PALLADIUM NYMEX (100 Troy oz.; $/troy oz.)

Mar	134.80	+1.60	134.50	133.00	1,887	88
Jun	134.50	+1.50	134.50	132.75	2,693	41
Sep	134.50	+1.50	134.00	133.75	157	2
Dec	134.50	+1.50	-	-	120	-
Total					4,867	129

■ SILVER COMEX (100 Troy oz.; Cents/troy oz.)

Feb	534.3	+9.5	-	-	3	6
Mar	535.0	+9.5	538.5	525.0	68,366	13,278
May	538.7	+9.6	541.5	529.0	24,077	4,668
Jul	542.1	+9.7	544.5	534.0	9,956	408
Sep	545.7	+9.8	544.0	539.0	3,303	1
Dec	551.0	+9.9	553.5	542.0	7,816	126
Total					117,938	18,486

ENERGY

■ CRUDE OIL NYMEX (42,000 US galls. $/barrel)

	Latest price	Day's change	High	Low	Open int	Vol
Mar	14.34	-0.38	14.90	14.18	66,366	24,294
Apr	14.54	-0.31	15.02	14.39	77,254	18,090
May	14.77	-0.28	15.16	14.63	42,290	5,837
Jun	15.02	-0.26	15.28	14.90	55,791	3,188
Jul	15.27	-0.23	15.49	15.20	22,419	789
Aug	15.40	-	-	-	12,883	553
Total					432,896	55,820

■ CRUDE OIL IPE ($/barrel)

	Latest price	Day's change	High	Low	Open int	Vol
Apr	13.54	-0.22	13.93	13.45	66,796	16,436
May	13.71	-0.24	14.07	13.60	22,324	4,131
Jun	13.87	-0.24	14.18	13.77	11,648	931
Jul	14.03	-0.22	14.43	14.00	8,495	231
Aug	14.17	-	-	-	3,932	4
Sep	14.37	-0.23	14.37	14.37	2,731	130
Total					119,674	23,619

■ HEATING OIL NYMEX (42,000 US galls; c/US galls.)

	Latest price	Day's change	High	Low	Open int	Vol
Mar	48.45	-2.53	51.10	48.00	46,110	15,212
Apr	44.80	-1.36	45.95	44.50	33,866	6,697
May	43.60	-0.96	44.50	43.40	37,378	3,832
Jun	43.75	-0.56	44.20	43.50	23,683	1,484
Jul	44.50	-0.26	44.50	44.00	15,259	528
Aug	46.70	-	-	-	8,280	65
Total					190,984	28,261

■ GAS OIL IPE ($/tonne)

	Sett price	Day's change	High	Low	Open int	Vol
Mar	141.00	-3.25	146.75	140.25	39,319	9,080
Apr	139.25	-4.00	144.75	139.25	17,561	4,822
May	139.00	-3.25	143.25	138.50	12,259	1,881
Jun	139.75	-2.50	142.00	139.50	14,809	1,190
Jul	141.75	-2.50	144.50	141.75	9,438	476
Aug	144.00	-2.50	145.00	144.75	3,779	576
Total					112,239	18,440

■ NATURAL GAS NYMEX (10,000 mmBtu; $/mmBtu)

	Latest price	Day's change	High	Low	Open int	Vol
Mar	2.290	-0.066	2.300	2.260	27,845	6,730
Apr	2.210	-0.026	2.220	2.150	32,453	3,317
May	2.165	-	2.170	2.110	35,729	1,628
Jun	2.155	+0.015	2.155	2.110	14,538	697
Jul	2.145	+0.010	2.150	2.110	3,424	239
Aug	2.150	+0.005	2.160	2.140	3,034	74
Total					118,465	12,786

■ UNLEADED GASOLINE NYMEX (42,000 US galls.; c/US galls.)

	Latest price	Day's change	High	Low	Open int	Vol
Mar	41.80	-1.36	43.00	41.50	21,394	7,013
Apr	44.50	-1.06	45.65	44.20	15,865	2,482
May	45.45	-0.98	46.15	45.25	12,362	1,064
Jun	46.00	-0.95	46.75	45.90	8,419	548
Jul	46.25	-0.85	46.75	46.00	6,582	459
Aug	46.30	-0.85	46.75	46.15	7,830	188
Total					138,819	12,675

GRAINS AND OIL SEEDS

■ WHEAT LCE (£ per tonne)

	Sett price	Day's change	High	Low	Open int	Vol
Mar	99.55	+0.65	99.60	99.30	1,127	91
May	99.05	+0.75	100.00	99.60	1,665	108
Jun	99.80	+0.55	100.00	99.65	307	35
Sep	90.10	+0.60	-	-	202	-
Nov	91.00	+0.60	91.00	90.75	801	73
Jan	92.80	+0.70	92.75	92.75	245	1
Total					4,683	308

■ WHEAT CBT (5,000bu min; cents/60lb bushel)

Mar	377/0	+1/4	378/4	375/0	92,250	27,525
May	364/4	-1/0	367/2	364/0	48,110	11,345
Jul	347/2	-1/4	349/6	347/0	81,305	12,165
Sep	348/0	-1/4	350/4	348/0	13,410	1,040
Dec	356/4	-0/6	358/4	356/2	17,620	1,290
Jul	340/0	-2/0	342/6	340/0	55	20
Total					252,759	53,385

■ MAIZE CBT (5,000 bu min; cents/56lb bushel)

Mar	298/0	-0/2	299/0	298/2	398,735	111,475
May	304/0	-0/2	305/0	302/4	512,830	71,480
Jul	306/0	-0/2	307/4	305/0	434,740	57,210
Sep	289/0	-	289/6	288/2	100,740	8,655
Dec	272/4	+0/6	273/0	271/6	243,825	34,160
Mar	278/4	+0/6	278/6	277/6	16,510	2,145
Total					1,709,[illegible]	285,410

■ BARLEY LCE (£ per tonne)

Mar	103.25	+0.35	103.25	103.00	506	110
May	103.00	-0.05	103.00	103.00	214	10
Sep	92.00	-	-	-	102	-
Nov	93.40	-	-	-	63	-
Jan	95.25	-	-	-	3	-
May	97.50	-	-	-	-	-
Total					888	120

■ SOYABEANS CBT (5,000bu min; cents/60lb bushel)

Mar	683/6	-0/4	687/6	682/4	258,415	200,790
May	689/4	-	693/4	688/2	232,560	77,130
Jul	692/6	+0/2	696/4	691/0	182,315	38,325
Aug	685/0	-0/2	689/0	684/0	34,030	1,745
Sep	665/0	+1/0	669/0	664/0	19,475	1,135
Nov	650/2	-	654/0	649/2	108,475	27,520
Total					849,680	347,880

■ SOYABEAN OIL CBT (60,000lbs; cents/lb)

Mar	28.44	-0.18	28.72	28.42	25,899	5,854
May	28.47	-0.19	28.78	28.45	28,159	5,786
Jul	28.35	-0.17	28.60	28.34	20,066	3,381
Aug	27.92	-0.18	28.15	27.90	6,507	909
Sep	27.38	-0.14	27.65	27.38	5,228	282
Oct	26.47	-0.18	26.75	26.45	3,848	355
Total					97,328	18,317

■ SOYABEAN MEAL CBT (100 tons; $/ton)

Mar	198.4	+0.4	199.0	197.5	29,706	12,440
May	197.9	+0.3	198.8	197.3	22,720	5,282
Jul	198.1	+0.4	199.0	197.5	18,138	3,750
Aug	198.8	+0.4	197.5	198.1	7,170	608
Sep	194.5	-0.3	195.8	194.5	4,727	744
Oct	193.0	-	193.7	192.6	2,314	33
Total					92,244	23,698

■ POTATOES LCE (£/tonne)

Mar	177.5	-	-	-	37	-
Apr	111.2	+4.9	112.0	108.8	1,666	105
May	128.3	+3.5	128.0	125.5	1,015	9
Jun	130.0	-	-	-	2	-
Nov	85.0	-	-	-	-	-
Mar	105.0	-	-	-	-	-
Total					2,719	114

■ FREIGHT (BIFFEX) LCE ($10/index point)

Feb	1143	-1	-	-	133	-
Mar	1170	-3	1170	1170	327	19
Apr	1219	-	1220	1210	1,238	21
Jul	1085	-2	1100	1090	215	4
Oct	1248	-2	-	-	243	2
Jan	1295	-	-	-	74	-
Total					2,280	44

	Close	Prev
BFI	1168	1166

Tea

The Tea Broker's Association reports, landed - 9,478 pkgs. (527,578 kgs) strong demand. Assams sold well often gaining 10/20p. Bright East Africans firm to dearer, coloury mediums 5/10p up, plainer types tended lower. Brighter ceylons advanced 4/8p, others about steady. Averages:- landed all tea 115.22p., N. India 111.55p., Kenya 120.40p., Tanzania 99.82p., Uganda 94.02p., Rwanda 147.53p., South India 74.00p., Sri Lanka 104.62p., Madagascar 87.49p., Quotations: best available 185 - 212p/kg (nom), good 145 - 160p/kg, good medium, 125 - 142p/kg, medium 108 - 120p/kg, low medium, 80 - 95p/kg. Top price 212p for a Rwanda pd. Offshore: cif - 3,800 pkgs (214,556 kgs) good demand, firm rates. Averages:- all tea 95.90p cif, Sri Lanka 104.11p, Kenya 108.07p, Zimbabwe 98.03p, Malawi 79.70p.

SOFTS

■ COCOA LCE (£/tonne)

	Sett price	Day's change	High	Low	Open int	Vol
Mar	885	-1	888	880	27,218	1,726
May	897	-	900	890	18,844	1,936
Jul	907	-2	919	904	11,617	277
Sep	922	-1	923	918	10,990	48
Dec	937	-3	940	934	15,113	571
Mar	950	-3	951	947	25,788	120
Total					128,708	4,688

■ COCOA CSCE (10 tonnes; $/tonnes)

Mar	1083	+9	1091	1072	5,059	8,618
May	1113	+8	1118	1105	34,770	5,717
Jul	1138	+4	1144	1129	15,862	749
Sep	1163	0	1167	1157	8,159	217
Dec	1192	-1	1197	1187	6,815	59
Mar	1218	+6	-	-	7,943	208
Total					89,279	13,633

■ COCOA (ICCO) (SDR's/tonne)

Feb 11	Price	Prev. day
Daily	875.84	883.34
Feb 14		
10 day average	870.50	874.43

■ COFFEE LCE ($/tonne)

Mar	1195	-5	1197	1190	8,315	692
May	1198	-8	1199	1191	14,529	822
Jul	1192	-9	1197	1189	6,098	301
Sep	1198	-5	1198	1194	3,011	145
Nov	1197	-8	-	-	3,163	111
Jan	1197	-8	-	-	3,864	-
Total					38,954	1,960

■ COFFEE 'C' CSCE (37,500lbs; cents/lbs)

Mar	75.15	-0.15	75.65	74.75	18,787	3,631
May	76.80	+0.05	77.15	76.00	21,299	2,751
Jul	78.00	+0.15	78.50	77.40	5,210	191
Sep	79.50	-0.10	79.90	79.05	3,911	158
Dec	80.75	-0.05	81.00	80.50	2,805	81
Mar	81.85	+0.05	82.15	82.15	907	13
Total					60,746	6,802

■ COFFEE (ICO) (US cents/pound)

Feb 11	Price	Prev. day
Comp. daily	72.18	72.62
15 day average	70.93	70.75

■ No7 PREMIUM RAW SUGAR LCE (cents/lbs)

Mar	11.44	+0.19	11.24	11.24	1,249	50
May	12.02	+0.25	11.80	11.74	1,224	55
Jul	12.27	+0.27	12.15	12.15	2,903	9
Oct	11.72	+0.22	11.65	11.65	30	9
Total					5,483	123

■ WHITE SUGAR LCE ($/tonne)

May	309.60	+2.40	310.00	305.00	8,833	294
Aug	309.50	+3.20	310.00	305.00	2,783	67
Oct	297.50	+3.20	297.50	293.00	2,778	165
Dec	295.30	+3.10	294.50	291.00	107	52
Mar	295.50	+3.20	-	-	-	65
May	297.60	-	-	-	17	-
Total					12,595	643

■ SUGAR '11' CSCE (112,000lbs; cents/lbs)

Mar	11.21	+0.18	11.22	10.96	31,412	7,068
May	11.67	+0.22	11.72	11.48	49,769	3,772
Jul	11.71	+0.22	11.72	11.49	20,970	1,954
Oct	11.45	+0.20	11.45	11.23	18,706	1,516
Mar	11.35	+0.18	11.37	11.18	4,333	351
May	11.31	+0.17	11.31	11.20	417	-
Total					126,104	14,661

■ COTTON NYCE (50,000lbs; cents/lbs)

Mar	76.72	-0.66	77.65	76.00	13,600	1,454
May	77.10	-0.78	77.88	76.75	20,446	2,296
Jul	77.30	-0.72	77.90	77.00	10,062	557
Oct	72.85	-0.08	73.24	72.40	2,159	32
Dec	70.40	-0.02	70.55	70.15	9,540	825
Mar	71.00	+0.16	71.00	70.90	222	8
Total					56,107	5,170

■ ORANGE JUICE NYCE (15,000lbs; cents/lbs)

Mar	109.75	+0.70	109.95	107.55	6,736	1,623
May	112.50	+0.35	112.90	110.60	4,489	1,185
Jul	115.50	+0.50	115.50	113.60	2,811	717
Sep	118.15	+1.15	118.00	116.75	887	173
Nov	119.85	+1.30	119.95	118.55	590	101
Jan	121.75	+1.00	121.75	120.00	815	45
Total					18,330	3,844

VOLUME DATA

Open Interest and Volume data shown for contracts traded on COMEX, NYMEX, CBT, NYCE, CME, CSCE and IPE Crude Oil are one day in arrears.

INDICES

■ REUTERS (Base: 18/9/31=100)

Feb 14	Feb 11	month ago	year ago
1783.4	1795.8	1692.7	1772.9

■ CRB Futures (Base: 4/9/56=100)

Feb 11	Feb 10	month ago	year ago
227.25	227.05	228.86	201.72

MEAT AND LIVESTOCK

■ LIVE CATTLE CME (40,000lbs; cents/lbs)

	Sett price	Day's change	High	Low	Open int	Vol
Feb	74.150	+0.925	74.200	73.300	7,095	2,763
Apr	76.150	+0.775	76.200	75.575	38,663	6,905
Jun	74.575	+0.700	74.625	74.075	19,944	1,861
Aug	73.450	+0.250	73.550	73.350	12,117	793
Oct	73.775	+0.050	73.925	73.700	8,874	997
Dec	74.000	+0.050	74.050	73.900	2,013	33
Total					88,368	13,343

■ LIVE HOGS CME (40,000lbs; cents/lbs)

Feb	48.675	-	48.900	48.300	1,858	259
Apr	48.650	+0.150	49.875	48.350	14,043	2,730
Jun	54.950	+0.350	55.000	54.525	7,686	855
Jul	54.950	+0.300	54.150	53.725	2,999	70
Aug	52.550	+0.200	52.550	52.350	2,533	78
Oct	48.400	+0.075	48.450	48.225	1,422	21
Total					31,894	4,021

■ PORK BELLIES CME (40,000lbs; cents/lbs)

Feb	55.750	+0.075	55.900	55.350	748	278
Mar	55.625	+0.100	55.950	55.150	2,716	2,038
May	56.475	+0.175	56.900	56.150	5,022	1,718
Jul	57.100	+0.300	57.150	56.700	2,133	861
Aug	54.600	+0.125	54.850	54.500	433	390
Total					11,052	5,034

LONDON TRADED OPTIONS

Strike price $ tonne	Calls Apr	Calls Jul	Puts Apr	Puts Jul
■ ALUMINIUM (99.7%) LME	Apr	Jul	Apr	Jul
1225	47	72	33	46
1250	35	60	46	58
1275	25	49	61	71
■ COPPER (Grade A) LME	Apr	Jul	Apr	Jul
1800	73	105	28	42
1850	46	77	50	63
1900	26	54	80	90
■ COFFEE LCE	Mar	May	Mar	May
1100	95	112	-	16
1150	45	77	-	31
1200	7	50	12	54
■ COCOA LCE	Mar	May	Mar	May
850	38	69	1	22
875	16	54	5	32
900	4	41	19	44
■ BRENT CRUDE IPE	Apr	May	Apr	May
1400	-	-	61	-
1450	12	-	-	-
1500	10	17	-	-

LONDON SPOT MARKETS

■ CRUDE OIL, FOB (per barrel/Apr)

		+or-
Dubai	$12.37-2.47w	-0.19
Brent Blend (dated)	$13.40-3.43	-0.21
Brent Blend (Apr)	$13.47-3.48	-0.24
W.T.I. (1pm est)	$14.44-4.45w	-0.43

■ OIL PRODUCTS NWE prompt delivery CIF (tonne)

Premium Gasoline	$153-155	-0.50
Gas Oil	$143-144	-3.00
Heavy Fuel Oil	$76-78	
Naphtha	$138-140	-1.00
Jet Fuel	$159-160	-3.00

Petroleum Argus Estimates

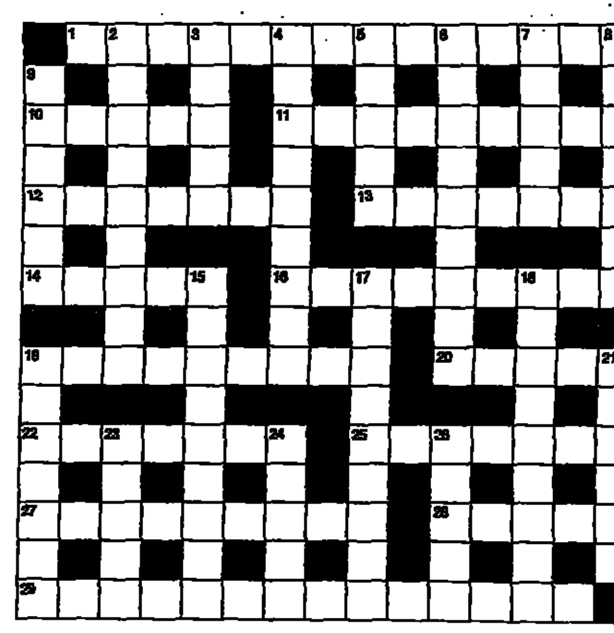
■ OTHER

Gold (per troy oz)‡	$382.75	+2
Silver (per troy oz)‡	534.5c	+9
Platinum (per troy oz.)	$393.75	+3.75
Palladium (per troy oz.)	$133.25	+0.50
Copper (US prod.)	90.0c	-1
Lead (US prod.)	35.00c	
Tin (Kuala Lumpur)	14.44	-0.06
Tin (New York)	260.00c	-0.5
Zinc (US Prime W.)	Unq.	
Cattle (live weight)†	122.85p	-0.51*
Sheep (live weight)†♣	114.10p	+4.74*
Pigs (live weight)†	72.05p	+3.26*
Lon. day sugar (raw)	$273.0	+2.9
Lon. day sugar (wte)	$309.0	+3.0
Tate & Lyle export	$298.0	+1.5
Barley (Eng. feed)	£96.00	-0.5
Maize (US No3 Yellow)	£128.00	
Wheat (US Dark North)	£143.50	
Rubber (Mar)♥	65.00p	+0.50
Rubber (Apr)♥	65.25p	+0.50
Rubber(KL RSS No1 Feb)	235.50m	+1
Coconut Oil (Phil)§	$582.5x	+2.5
Palm Oil (Malay.)§	$395.0x	+2.5
Copra (Phil)§	$369.0	
Soyabeans (US)	£208.0y	
Cotton Outlook A Index	81.20c	+0.20
Wooltops (64s Super)	380p	

£ per tonne unless otherwise stated. p pence/kg. c cents/lb. r ringgit/kg. m Malaysian cents/kg. y Feb/Apr w Apr. z Jan/Mar. † Feb/Mar. x Apr/May. ♥ London Physical. § CIF Rotterdam. ‡ Bullion market close. ♣ Sheep (Live weight prices). * Change on week, provisional prices.

CROSSWORD

No.8,380 Set by DANTE



ACROSS

1 Dusk – an occasion for having a fag (8-2,4)
10 Newspaper in the loft? (5)
11 A rousing event? (3-6)
12 Has been changed in spirit (7)
13 Second at the finish, terribly sore (7)
14 No head on the beer, that is strange (5)
16 A shop floor humiliation (9)
19 A smoke screen? (6,3)
20 Unusual Maori girl's name (5)
22 Late but not unwilling (7)
25 Where to find duty-free dry wine (7)
27 They sound beastly fighters (9)
28 Go for the green (5)
29 Awkward issue in the French language (6,8)

DOWN

2 Widely seen as a popular army officer (2,7)
3 Feeling the hump (5)
4 Wild eglantine is not cultivated (9)
5 Silly things, but capital savers (5)
6 Fancy being fostered by a churchwarden? (4-5)
7 Victor, out west, is a pretty good shot (5)
8 Such money shows one is serious, presumably (7)
9 Twice bent over (6)
15 Architectural sideshow? (9)
17 A Paris rep, perhaps, who fixes the prices (9)
18 Leader of a column? (9)
19 The weariness of military duty (7)
21 Growth of the reindeer (6)
23 It's bound to be a bit of a shock (5)
24 Striking effect of lace pattern on table-top (5)
26 Bones placed in a circle (5)

Solution to Saturday's prize puzzle on Saturday February 26.
Solution to yesterday's prize puzzle on Monday February 28.

Of broking and jobbing the Pelikan's fond,
See how sweetly he puts your word onto bond.

Pelikan



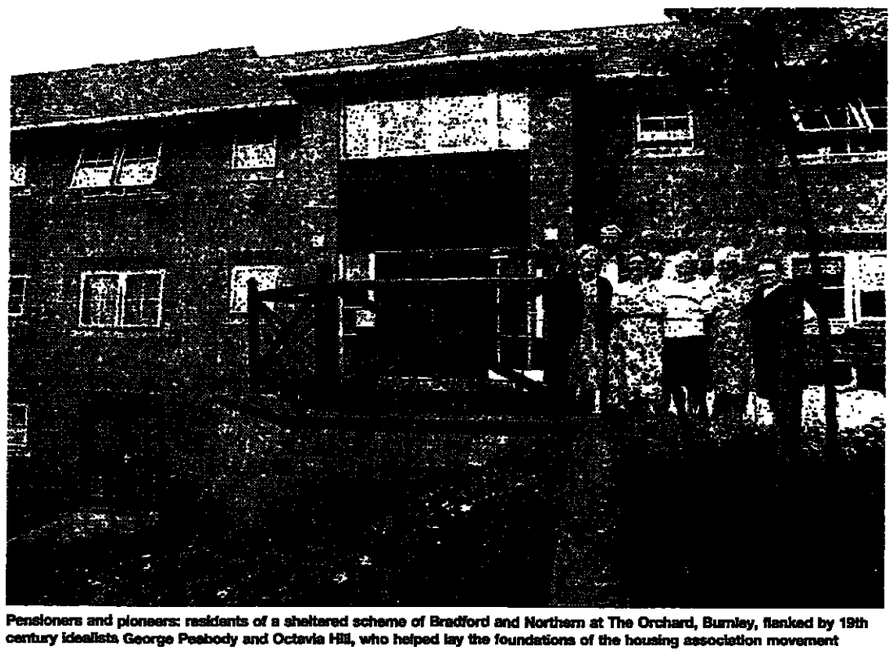
JOTTER PAD

FINANCIAL TIMES SURVEY

HOUSING ASSOCIATIONS

Tuesday February 15 1994





Pensioners and pioneers: residents of a sheltered scheme of Bradford and Northern at The Orchard, Burnley, flanked by 19th century idealists George Peabody and Octavia Hill, who helped lay the foundations of the housing association movement



From philanthropy to business

Born in the age of Victorian idealism, housing associations are now an influential factor in the UK housing market and are increasingly entrepreneurial and business oriented, writes **John Willman**

Housing associations, once small-scale providers of specialist housing, have become social businesses playing a leading role in the UK housing market.

They remain voluntary bodies, governed by management boards made up of unpaid volunteers. Yet the largest associations now own tens of thousands of homes with assets worth hundreds of millions of pounds.

Since the 1988 Housing Act, associations have increasingly drawn on private finance to augment government grants for providing affordable housing.

They have borrowed around £4.5bn in that period, both in direct investment and through a growing range of club deals and intermediaries. A similar sum will be required over the next three years to fund their continuing expansion plans.

"The growth of private finance has been an undoubted success story," says Mr David Burnett of Samuel Montagu, the merchant bank. "The variety of instruments and the spread of investors which has been achieved in such a short period is quite remarkable."

Housing associations have also become much more entrepreneurial, according to Mr Don Wood, chief executive of London & Quadrant Housing Trust, one of the largest associations managing 17,000 homes in London and the south-east. His association has built new partnerships with local authorities and urban regeneration bodies to make its government grant stretch as far as possible.

Growth since the 1988 Act means that associations now manage about 900,000 homes, approaching 4 per cent of Great Britain's housing stock. While this is less than a fifth of the number owned by local authorities, it will continue to grow for the foreseeable future.

With almost no new development by local authorities, they have become the main providers of new low-cost homes for rent or sale. In recent years, they have provided an average of more than 50,000 new homes annually.

In many parts of the country, associations are also taking over local authority housing stock through voluntary transfers. In five years, they have assumed responsibility for 130,000 such homes on behalf of 28 local authorities. Another 12 transfers involving 50,000 homes are in the pipeline for next year.

The government has also encouraged associations to play a much wider role on the housing market, particularly in managing property for private landlords. It also sees associations winning a large share of the £1.25bn a year market in managing local authority housing, due to go out to compulsory competitive tendering in 1996.

And it was the housing associations that the government turned to when it launched the housing market rescue package in the 1992 autumn statement.

In just 93 working days, 81 associations pumped £577m into buying 18,430 homes in England from developers, private sellers and mortgage lenders to let to the homeless.

In meeting these new challenges, associations are becoming much more sophisticated in their operations, under the watchful eye of the Housing Corporation which this week stages a conference in Brighton to celebrate its 30th birthday. The Corporation acts as regulator and distributes government grant to associations in England.

It has also encouraged the movement to improve the quality of its management and to learn new financial skills. Mr Anthony Mayer, chief executive of the Corporation, is keen to get more business people involved on the committees which run associations.

"Associations have become massive private sector businesses involved in delivering a public service," he says. "The more people we can get with business acumen, the better."

The next few years may be rather tougher however. The greatest challenge will come from the decline in the amount of the government housing association grant. The Housing Corporation's budget is due to fall from a record £2.3bn last year to £1.45bn in 1995-96.

To maximise the number of homes this declining grant provides, the government has been ratcheting down the rate of the grant from 75 per cent of the cost of a new home to 62 per cent. By 1995-96, the target grant rate is 55 per cent.

Associations must borrow the balance of the cost on the capital markets and that could become harder as the grant rate falls. Standard procedures for valuing tenanted homes mean that investors are normally unwilling to lend 45 per cent of the cost of a home solely against the security of that home. Other assets must be pledged to raise finance.

"Only the financially strongest housing associations will be able to continue to develop over the next few years," says Mr George Barlow, director of the Peabody Trust, one of 20 biggest associations.

The trust, founded in 1862 by a the wealthy American banker George Peabody, has inherited mansion blocks in central London locations such as Chelsea and Westminster. With such a strong asset base, it was the first housing association to issue debenture stock on the strength of its own covenant and without a government guarantee.

But many other associations have little or no additional security to pledge. This is particularly so for the newer specialist associations set up to cater for ethnic minorities and other special housing needs.

"The result will be an increasingly monochrome future," according to Mr Giles Goddard of Southwark Diocesan housing association, which has provided 65 homes on former church land in south London. The diversity offered by smaller associations such as his will

□ Continued on next page

Registered housing associations – a home for your money

The Housing Corporation works with registered housing associations, local authorities and private lenders to provide good quality affordable homes to rent and to buy, to ensure that people on low incomes are decently housed.

Enquiries to the Public Relations Unit or the Private Finance Department, The Housing Corporation, 149 Tottenham Court Road London W1P 0BN. Telephone 071 387 9466

THE HOUSING CORPORATION

This is not an offer to invest.

KENT HOUSING PARTNERSHIP

2300 NEW SOCIAL HOMES *for Kent*

More than £130 million is being invested by the Kent Housing Partnership to produce 2,300 new social homes in Kent by 1996. £57 million will come in grants from the Housing Corporation, £14 million from local authorities and over £53 million of the balance from private lending institutions.

Some 7,000 homeless or poorly housed people will improve their housing through our three year commitment.

KHP is a unique partnership in the social housing movement. Led by four major developing housing associations, it also comprises every district council in Kent, a long-established multi-ethnic association and all registered Large Scale Voluntary Transfer associations in the county. The breadth of the partnership allows us to look at housing needs for Kent as a whole and helps us achieve economies of scale, building more homes for less money.

The building programmes of the four main developing HAs - Orbit, Moat, Hyde and CDS - are already underway, through the services of our main contractor, Hall and Tawse Partnership, and our consultants, MDA Management and Sharratts Solicitors.

The Kent Housing Partnership is:

Orbit Housing Association · Moat · hyde · CDS · Presentation H.A. · swale h.a. · West Kent

Ashford BC, Canterbury CC, Dartford DC, Dover DC, Gillingham BC, Gravesham BC, Maidstone DC, Rochester CC, Sevenoaks DC, Shepway DC, Swale DC, Thanet DC, Tonbridge & Malling DC, Tunbridge Wells DC.

Our main consultants are:

HALL & TAWSE · MDA · SHARRATTS SOLICITORS

For more information about KHP contact:

Orbit: 081 661 9921 Moat: 0732 457616
Hyde: 081 297 1500 CDS: 071 401 3131

K·H·P

John Willman reviews the role of the Housing Corporation

Quango with a beady eye

Many leading property developers have fallen victim to the housing market's biggest slump in recent memory.

Yet housing associations have weathered the recession without a single casualty and have been building record numbers of new homes.

Much of the credit for this record lies with the Housing Corporation, the quango that regulates more than 2,200 registered housing associations. It keeps a watchful eye over associations' finances, protecting the interests of the taxpayer and the institutional investors who provide their funds.

This involves scrutiny of an enormous range of associations, from the tiny Stephen Hutchen's Charity Trust with six homes at Paul in Cornwall to the giant North British Housing Association which has more than 25,000 homes across Britain.

The Corporation is also responsible for allocating government grant to housing associations in England, and for encouraging them to make it go as far as possible. Last year, it distributed £2.3bn of grant, which associations topped up with £627m of private investment to provide a record number of more than 62,000 homes.

The Corporation has been promoting housing associations for 30 years, funding and regulating them since 1974. But it has achieved a new prominence with the funnelling of almost all public housing investment through associations and the need to attract an increasing share of their finance from the capital markets.

This higher profile has led to warnings that the Corporation's role in implementing government housing policy could be at odds with its regulatory role of ensuring that associations remain in good financial health.

On the one hand, the Corporation must squeeze associations' finances to increase the number of homes provided from a shrinking government grant. This forces associations to push rents up to levels which many tenants find hard to pay, increase borrowing and use older stock as security for new loans.

ENGLAND'S 20 BIGGEST HOUSING ASSOCIATIONS

Rank	Housing Association	Units owned*
1	North British	23128
2	Anchor	22834
3	North	22032
4	Merseyside Improved	15266
5	Sutton HT	14421
6	Peabody Foundation FD	12378
7	Sanctuary	12330
8	Broomleigh	12265
9	Guinness Trust	11787
10	London & Quadrant HT	11649
11	Royal British Legion	11502
12	Northern Counties	11163
13	Bradford & Northern	9164
14	Hanover	8681
15	Focus	8294
16	Notting Hill	8232
17	West Berkshire	8116
18	Circle 33	7649
19	Bedfordshire Pilgrim	7611
20	Liverpool HT	7594

* as at March, 1993 SOURCE: The Housing Corporation



Chief executive Anthony Mayer: at the centre of conflicting pressures

On the other hand, the Corporation must ensure that associations do not take risks with the substantial amounts of government money they receive. The financial failure of a large or medium-sized association would be an acute embarrassment to the movement and could bring down ministerial wrath.

More important, a failure would drain institutional investors' confidence in housing associations, making it harder to raise the funds needed to top up the government grant. Since 1988, the capital markets have invested more than £4bn in associations, and a similar amount is likely to be needed over the next three years.

The man who must resolve these conflicting pressures is Anthony Mayer, chief executive of the Corporation since 1991. He brings to the job an unusual combination of public and private sector experience.

After leaving Oxford in 1967, he joined the old Ministry of Housing as a fast-stream entrant, progressing up the career ladder to assistant secretary level. His time as a civil servant included spells in ministerial private offices and a secondment to the Central Policy Review Staff, the Whitehall thinktank abolished by Mrs Thatcher in 1983.

But in 1985, Mayer left the civil service to spend six years with N M Rothschild, the UK merchant bank. By the time of his move to the Housing Corporation in 1991, he had become managing director (administration and finance) of Rothschild Asset Management.

This combination of experience has proved invaluable as the budget for housing associations has come under pressure from the Treasury. Mayer knows how to operate in Whitehall where he must fight his corner in the annual public expenditure battle. But he has also been able to act as an advocate for housing associations in the City, persuading the institutions to invest increasing amounts to make up at least some of the loss of grant. "The existing lenders in the market are very happy with their investments in housing associations," he says. "But I want to broaden the investor base which is still curiously restricted.

The Corporation last year distributed over £2.3bn of grant, helping to provide 62,000 homes

"With my Rothschild's experience, I see good investment opportunities in associations which are asset-based and can increase their rental income without getting into elasticity problems. A private sector lender is not going to lose money investing in housing associations."

Mayer's priority has been to make far-reaching changes in the Corporation's regulatory procedures in order to improve the confidence of investors in the movement. One important step is the introduction of PLC-type accounts from April.

"Traditional housing association accounts were unintelligible except for the cognoscenti," he says. "PLC accounting will make associations much more transparent for the new investor."

The emphasis on regulation has switched from day-to-day monitoring of associations to the collection and analysis of financial and management information. All associations involved in development now complete quarterly financial returns providing information on cash flow, gearing and interest cover.

"We are putting much more emphasis on the financial health of housing associations, their management and the control exercised by their committees," says Mayer.

"Since 1988, associations have grown into major risk-taking businesses, using financial and treasury techniques appropriate to plcs. They need the expertise and techniques to exercise the responsibility."

And it is the Corporation's success in selling housing associations to the capital markets that is the key to stretching taxpayers' money in public housing, says Mayer.

"In 1989-90, we were getting 2,000 homes for rent from every £100m of taxpayers' money. This year, we're getting over 3,000 homes – a huge improvement in value for money."

Mayer concedes that this has been achieved partly because of lower construction costs, which have dropped markedly since 1988. Lower interest rates have also helped by reducing the cost of borrowing the higher proportion of finance needed to build each new home.

But he also says that the lower grant rates imposed by the government have encouraged associations to become more competitive in bidding for a share of public funds. They are making better use of their existing assets, putting up rents on existing homes to finance the building of new ones and using older stock as collateral for loans.

This, says Mayer, has been achieved without undermining their financial wellbeing.

"The movement has survived the worst property market since the war. On a book of more than £2bn raised for development, there are bad debts of under £12m – a record that is better than any other sector of the property market."

This record reflects the wisdom of keeping the regulatory role under the same roof as the allocation of government grant, Mayer believes.

"If we are allocating public funds to housing associations, we have an interest in protecting the interests of the taxpayer and the private sector lenders who make the government grant go further. This can be done only if we make sure that associations are well-run and financially healthy."

Powerful backing for retaining the two roles under one roof came last year when the Commons environment select committee recommended that the Corporation should continue to exercise both functions.

Nonetheless, the Corporation is only as good as its last decision, says Mayer.

"There is no room for complacency," he adds. "I can't guarantee that an association won't take a bad business decision – any more than I can do the same for a private sector company. "My aim is to ensure that we have the earliest possible warning of any problems so that we can work with the association to get out of them."

Achieving that aim while continuing to squeeze the maximum number of homes out of a diminishing government grant is likely to tax all the skills that Mayer has acquired in his diverse career.

Management standards are on trial, says Alan Pike

Honesty and ability

Fraud and corruption, and the paler although sometimes more expensive evils of mismanagement and incompetence, are not unknown in the private sector.

When they occur in statutory or voluntary organisations, however, they raise particular concern because of the likelihood that public money will be involved.

A recent spate of public sector problems – many of them brought together in a report from the Commons public accounts committee last month – has unleashed serious questions about the quality of management and accountability arrangements in the increasing variety of agencies, quangos and charities that handle a large volume of public funds.

Many such organisations are already examining their management and governance structures, and the housing association movement is about to join them. The National Federation of Housing Associations has set up a wide-ranging, independent inquiry into governance issues that will begin work by March.

Interest in management and decision-making in the public and voluntary sectors has not only been stimulated by recent specific examples of things going wrong. The Cadbury committee's report on the financial aspects of corporate governance in private companies started a debate on the extent to which its principles might be applied in other sectors of the economy. And the 1992 Charities Act, by reiterating the responsibilities of charity trustees, has forced the voluntary sector to question the adequacy of trustee selection, training and accountability arrangements.

Such issues are of particular importance to housing associations, given the exceptionally large sums of both public and private funds for which they are responsible.

Some housing associations are charitable trusts; some function under provident society law, some under Housing Corporation registration. The national federation's inquiry will consider the pros and cons of various forms of status and whether there is a case for rationalisation.

This will raise complex issues on which there is unlikely to be unanimity within the movement. Some associations, for example, believe there are advantages in housing associations being perceived as charities and would be loath to lose charitable status; on the other hand, charity law places restrictions on associations' activities.

The inquiry team is likely to consist of a housing association chief executive, a lay committee member, a lawyer, an academic and a private sector representative with experience of the Cadbury recommendations.

Among the issues addressed by the inquiry will be the respective roles of committee members and housing association management. This central corporate governance issue – defining the relationship between executive and non-executive directors – is currently the subject of debate throughout the voluntary sector, and elsewhere in areas such as the National Health Service.

A national inquiry on financial governance is about to take place. The debate will be heightened by suggestions that housing association board members should receive salaries

The debate has, however, been heightened in the housing association movement by recent suggestions that lay board members – or at least chairmen and women – should receive salaries.

This is a controversial suggestion in an area which has strong voluntary sector origins and traditions. But Mr Anthony Mayer, chief executive of the Housing Corporation, believes the governance of housing associations is ready for an overhaul and is prepared for radical change.

"The present structure was devised in 1975 and housing associations have outgrown it," he says. "In many towns, a local housing association is the largest private sector spender, yet the regime under which they are operating is way behind the role.

"Association committees need to make sure that they have the members and the expertise to cope with business challenges such as modernising internal controls, treasury management, borrowing strategies and so on. "Paying committee members might interfere with the voluntary ethos. But if you paid committee members, you would establish a contract between them and the organisation. Without pay, you are relying entirely on the good will of people to give up their time. "Having the chief executive sitting on the committee and sharing its accountability could also cement more closely the relationship between the executive and the committee. My own view is that the answers on these questions are not clear-cut, but it is vital that they are addressed head-on and some proper answers established."

Full-time managers and non-executive lay members sharing responsibility on a single board – the model adopted in the NHS since the 1991 reforms – would, say its advocates, enhance decision-making and clarify accountability. But this approach, allied to paying committee members, is considered too commercial by some association managers and committee members. They believe that a lay committee considering broad policy issues at arms-length from executive management remains essential. Any organisation's lay committee is of true value only if the members are properly selected, trained and aware of their responsibilities.

A recent study showed that many charity trustees did not even appreciate that they were trustees, and lacked understanding of their legal duties.

The National Council for Voluntary Organisations has, with government financial support, set up a unit to help prepare trustees and management committee members for their responsibilities.

It has published a resource guide for governing bodies and established a telephone helpline (071-833 1818) which provides committee members with advice on legal, financial and managerial responsibilities.

Housing associations often seek to strengthen the skills of full-time management teams by recruiting people with business skills to their committees. But the affairs of Circle 33 housing trust – where a £1m maintenance fraud is under investigation – demonstrate that even the most impressive committees cannot guarantee protection against criminal activity or deliberate, concealed mismanagement. Its board included Mr Mark Boleat, director general of the Association of British Insurers, and Ms Colette Bowe, a senior Securities and Investment Board official who has been selected as chief executive of the proposed Personal Investment Authority.

Philanthropies with a business ethic

☐ Contd. from previous page

be squeezed out, he fears, as grant rates fall.

Even some larger associations have limited scope to find additional security for loans, says Mr David Hucker of the Coventry-based Orbit Housing Association.

"Reserves can only be spent once," he says. "At a time when associations need strong balance sheets and cashflows to encourage investor confidence, this draining of their collateral will ultimately be to their detriment."

A further consequence of falling government grant rates is higher rents. If a higher proportion of the cost of a new home has to be borrowed, then there is a higher interest charge to be passed on to the tenant.

Data collected by the National Federation of Housing Associations shows that rents have increased 150 per cent since 1988. During this period tenants' incomes have risen by just a third.

If the tenant is unemployed, the rent will be paid by the Department of Social Security through housing benefit. But the tenant is then stuck in a poverty trap which is a deterrent to taking employment. Up to 96 per cent of each extra £1 of income the tenant earns can be clawed back as benefits are withdrawn – leaving the tenant little better off, or even worse off after allowing for child-care and work-related costs.

"With rents rising faster than tenants' incomes, the poverty trap is widening," says Mr Jim Coulter, director of the federation. "Accepting a job paying around average earnings can leave a parent with two children worse off at the sort of rent levels which are now required."

Such concerns were crystallised last year with the publication of a report by Mr David Page, a housing consultant. He



London & Quadrant's Don Wood: making the grants go further

said that government policy was encouraging associations to recreate the conditions which had turned so many large local authority estates into housing disasters.

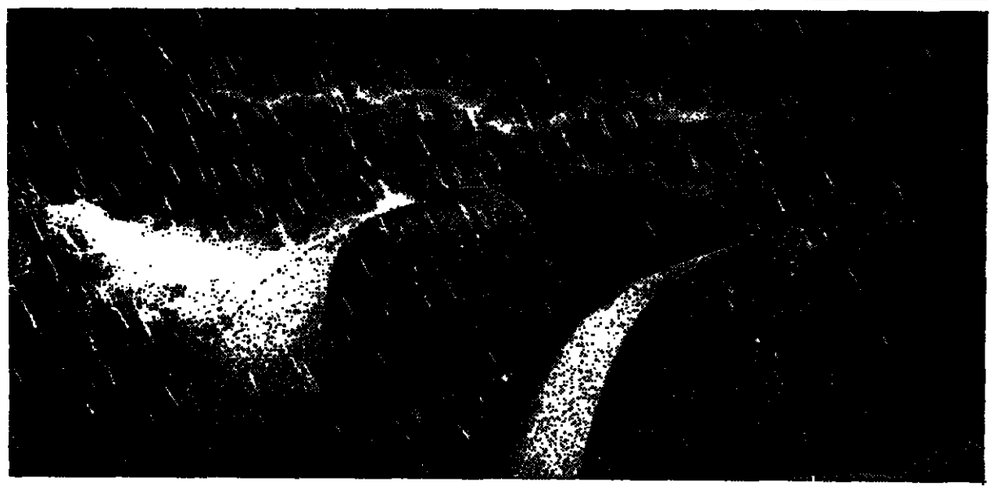
On the one hand falling grant rates were driving associations to build larger, high-density estates to cut costs. On the other, rising rents were turning these estates into "welfare ghettos", largely populated by people on benefits.

"The combination of unfavourable dwelling mix and very disadvantaged new tenants has produced a seriously unbalanced population mix on new estates," the report concluded. The result could be soulless estates plagued by crime, inhabited only by those with no choice in their housing.

Such predictions may turn out to be unduly pessimistic. The publication of the Page report has had a salutary effect on the movement, serving as a warning of what will happen if the pressures it identifies are not adequately addressed.

But it set off alarm bells which indicate that there is no cause for complacency in the movement. The leading role that housing associations have successfully taken in the provision of social housing will bring new challenges in the years to come.

SOCIAL HOUSING FINANCE



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At Bradford & Bingley, we have already committed in excess of £300 million to Social Housing projects, making us one of the movement's leading lenders.

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All approaches from Housing Associations are dealt with by a specialist team of ex-housing association personnel, who are on hand to advise on the most appropriate way of dealing with your Association's private finance needs. But don't think that we are only interested in straightforward deals, because since 1988 we have funded a wide variety of projects including stock transfers, assured tenancy, special projects and major repair programmes.

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Sir George Young welcomes a new tenant at a Bradford housing scheme

Interview: SIR GEORGE YOUNG, housing minister, says funding needs to be refocused

People before bricks and mortar

The success of housing associations in providing affordable housing since 1988 has been built on two streams of government finance: housing association grant for building new homes; and housing benefit to help tenants pay rents which have been rising closer to market levels.

The continuing success of associations as housing providers – and their attractiveness for private investors – rests to a large extent, therefore, on the goodwill of Whitehall.

With pressure to reduce public sector borrowing over the coming years, both elements of financial support for housing associations offer tempting targets for the Treasury.

That pressure has already manifested itself in the declining rate of grant to housing associations for providing new homes. It has fallen from an average of 75 per cent of the cost of each new home to 62 per cent in four years, and the government has set a target of 55 per cent for next year.

There have also been leaks that the budget for housing benefit – the cost of which has almost doubled to more than £8bn in the last five years – has been under scrutiny. If housing benefit were to be cut, tenants might find their rents harder to pay. This could undermine the quality of the income stream earned by associations, making private investors less willing to lend to associations.

Happily for associations, their achievements since 1988 are well-recognised by the government. Mr Michael Portillo, the chief secretary who is spearheading the search for cuts in public expenditure, told a recent seminar for lenders that the government would do nothing to housing benefit that would compromise associations' position.

The increase in the housing benefit is the result of a conscious decision to switch housing subsidy from bricks and mortar to people, according to Sir George Young, the long-serving housing minister.

"We believe that it's more effective to target resources on individuals in need," he says, "rather than indiscriminately on subsidies to housing associations."

Sir George has been involved with housing associations since the 1960s and has been an energetic promoter of their virtues among ministerial colleagues. "What housing associations have achieved since 1988 has been a real success story," he says. "The mixed funding regime has brought £2.6bn of private funding into housing, providing an extra 55,000 homes that wouldn't have been built if we'd gone on providing 100 per cent of the finance for new homes.

"Associations have developed a good reputation with the lending institutions as viable, well-run organisations.

'We have to take a hard-nosed approach to getting value for money: it makes sense for the larger associations to account for a bigger share of grants for development because they can drive the deals with builders and get the private finance'

And they've produced good quality homes at affordable rents." In many ways, Sir George says, housing associations provide a model for the government's private finance initiative which seeks to raise more of the funds for public services from the private sector.

"We've taken wholly public sector funding for housing and geared it up by raising private finance," he says.

Scarcely a month goes by without Sir George launching another initiative involving housing associations. Urban regeneration schemes, getting rough sleepers off London's streets, managing property for private landlords, compulsory competitive tendering for local authority housing management – all have included a role for associations.

"Associations are a resource in terms of housing management skills which they have traditionally applied to their own stock," he says. "I want to encourage lateral expansion, so that they put these skills to wider use in managing others' stock. We need to revive the private rented sector and one way of doing that is by bringing in institutional funds. Housing associations could manage property on their behalf, so that ownership could be divorced from the management function." Sir George has also encouraged local authorities to use the planning system to persuade private developers to include an element of social housing in new developments. These would then be sold to or managed by housing associations.

"Such mixed tenure is how most of our villages and towns grew," he points out. "Having all sorts of people living closely together is much more natural than the polarisation of housing between huge council estates and owner-occupier estates."

With falling grant rates, many of the smaller associations which cater for special needs are being squeezed out of the development programme. But Sir George remains enthusiastic about the role they can play, especially in rural areas and in serving tenants with special needs, such as ethnic minorities and the disabled.

"The larger associations will account for a bigger share of the grants for development," he says, "because they can drive the deals with builders and get the private finance. We have to take a hard-nosed approach to value for money and it makes sense to focus development skills in those associations.

"But once they have completed the developments, some of the stock can then be handed over to smaller associations. Many of the smaller specialist associations are building partnerships with larger associations. Fewer developers needn't mean fewer managers." As for the future, Sir George believes that the emphasis is due to shift back from development to rehabilitation of older property, particularly in the inner cities.

"I have increased the Housing Corporation's target for the share of its budget which is to go on rehab this year," he says.

"If the owner-occupied market takes off and builders regain confidence, the new homes that are being built will be for sale. Housing associations can then concentrate on those things that the private sector finds difficult such as rehab. "Associations have an appetite and a capacity to do more," he concludes. "I have every confidence they can respond to the challenge of spending whatever grant they get and the lateral challenge of moving into related fields where their skills are used even where they don't own the underlying assets."

John Willman

Alan Pike on the concerns of associations catering for smaller social and ethnic groups

Doubts about Government support

The public image of the Young Men's Christian Association is probably still more akin to its foundation 150 years ago by an evangelical draper's apprentice than to contemporary reality. Not only does today's YMCA, in spite of its name, cater for both sexes, it is also the biggest specialist provider of accommodation for young people in England.

It already houses 6,000 young people at 67 locations, and last month the YMCA launched a £35m building programme which will increase its housing stock by 17 per cent.

While traditional hostels still exist, the new programme – funded by charitable donations, local authorities and the Housing Corporation – will provide self-catering flats and bed-sit complexes. Counselling and training services are offered alongside housing. In 1992, the YMCA opened Britain's first foyers – hostels linking accommodation with training for unemployed young people – under a government pilot scheme.

One of the central values of the housing association movement is its ability to house sections of the community with particular needs. But many specialist associations have neither the reputation nor resources of national charities such as the YMCA or the Anchor Housing Trust, which provides housing for the elderly. There is concern that a climate of declining government grants, coupled with lenders' preference for large, established organisations, may put the future of smaller specialist associations at risk.

"Things are getting worse rather than better," says Mr Barrington Billings, director of Derby People's housing association, an ethnic minority association which was set up three years ago and has 130 housing units.

Some specialist groups prefer to carry out developments together with well-established ones.

Problems recounted by Mr Billings are similar to the experiences of many people from the ethnic minority communities trying to launch small businesses. "Potential funders and partners ask for evidence of track record, reserves and all the other things that new organisations do not have. There is, in addition, a perception of black organisations as high risk. That is a myth which we have to break."

The public grant to housing associations, currently averaging 65 per cent of new building costs, is declining and is expected to drop to 55 per cent by 1995-96. Public financial support remains particularly important for small specialist associations, and continuing reductions in subsidy would threaten the survival of some.

An eventual outcome could be the withdrawal of specialist associations from house building, while retaining letting and management functions. Small associations already sometimes carry out developments in conjunction with larger, well-established ones.

"It is often necessary to piggy-back in this way," says Mr Billings. "But you are then at the mercy of the bigger associations and have to accept their decisions on priorities and charges. Smaller associations are looking at other options like consortia purchasing arrangements and groups schemes. "The ultimate solution would be mergers to form larger associations. But while this may be economically efficient, it is not necessarily in the interests of the particular services we are trying to provide."

Some of these particular interests could be lost if specialist associations withdrew from building. Mr Billings points out that ethnic minority housing associations are, for example, more likely to try to encourage the employment of local black people in building projects.

Although ethnic minority housing associations must have a majority of black people on their management committees they do not, in spite of their name, provide accommodation only for the ethnic minority communities. But their closer relationship with these communities often gives them advantages in identifying needs.

Mr Tony Soares, director of Westway, a relatively small black housing association in London, shares the concerns. "Lenders have a typically suspicious view of new, small organisations. But housing associations are a far safer prospect for them than many of the private business ventures that they support.

"The Housing Corporation has enormous powers to regulate an association that looks as though it is running into financial trouble or has management problems and, at the end of the day, you've at least got the houses. The task is getting through the door of some of the big institutions and persuading them to revise their thinking."

An idea which may help tackle the familiar problems of lenders preferring large, established borrowers is being developed by CDS Co-operative housing society and housing association specialists at Lewis Silkin, CDS's solicitors. Aimed at housing co-operatives, the approach could eventually be extended to small housing associations as well.

CDS hopes to set up a provident society – the Co-operative Housing Finance Society – as an intermediary between lenders and borrowers. It would provide co-operatives and small housing associations with management support, and guarantee lenders interest payments for a specified period in the event of problems arising.

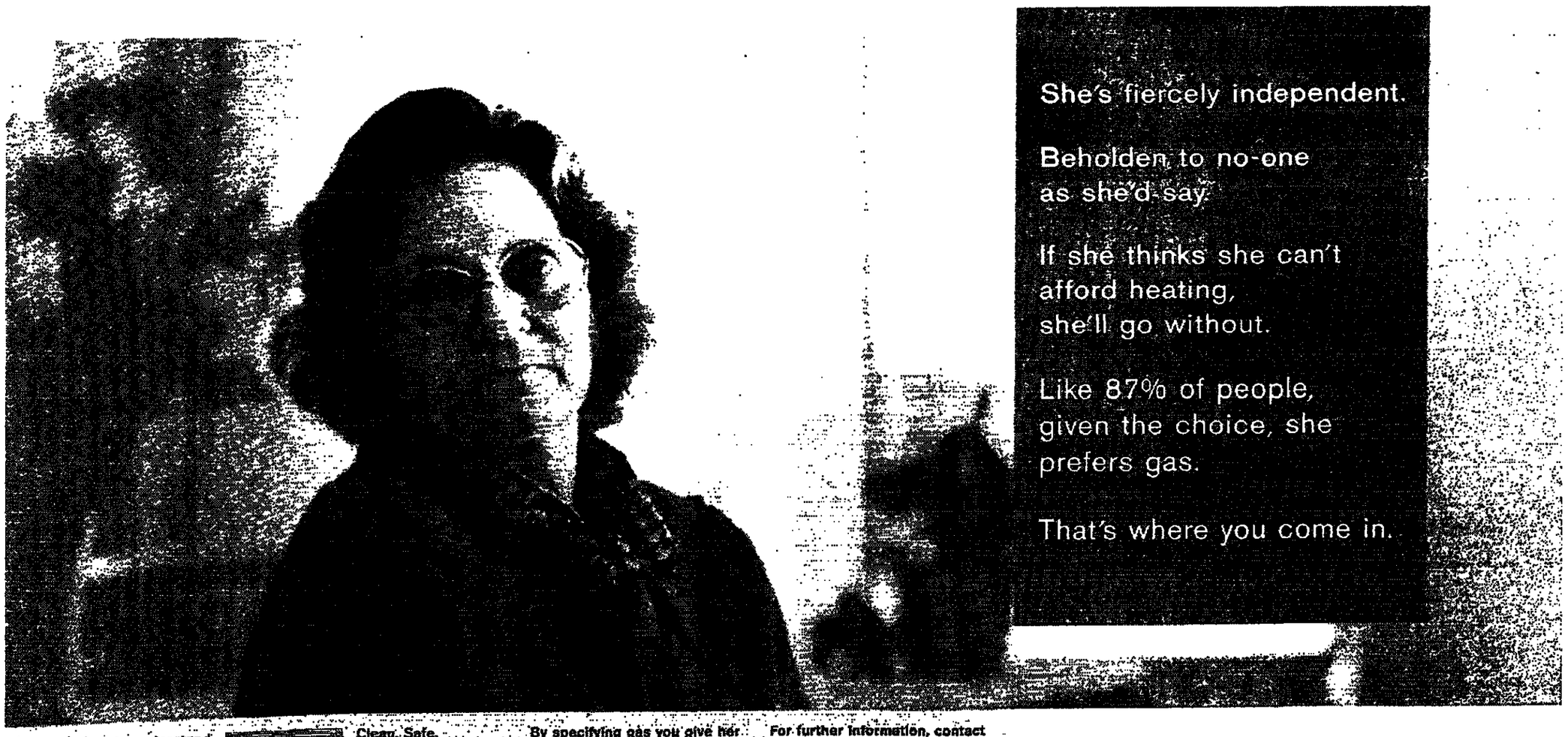
"The society would be offering risk management and default management," said Mr David Rodgers, CDS chief executive. "Borrowers would be expected to perform within tighter controls than under a normal loan deed, and if they looked as though they were running into difficulties it would show at an early stage. This would provide reassurance to lenders, and should eventually lead to lower rates."

If the plan takes off – and the Housing Corporation is giving encouragement to it – representatives of lenders would be invited to join the society's board to generate maximum confidence.


Ealing flats opened in 1992 by the Westway Housing Association based in West London

New arrangements for funding housing associations catering for people with special needs will be outlined by the government shortly. Associations receive support from the Corporation for providing homes for people with special needs, and there has been concern that these could be threatened by the government's community care reforms.

Sir George Young, housing minister, announced last month that arrangements for paying special needs management allowance to housing associations would continue unchanged for another year, pending the new proposals. The National Federation of Housing Associations says continued Housing Corporation funding is "desperately needed" to safeguard housing schemes for vulnerable people. It is calling for greater certainty and flexibility in funding housing association community care schemes.



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Trusts are eager entrants to the capital markets, writes **John Gapper**

Like ducks to water

Among all the changes in the way housing associations have operated in the past two years, one of the most dramatic was their brisk entry to the City. Associations that hardly considered tapping public markets five years ago, have suddenly become among the most active issuers of sterling bonds.

The traditional source of finance to supplement public grants was loan capital from banks and building societies. But associations have now moved briskly into sterling debentures, raising £300m from issues in 1992 and 1993. About half was issued in the last two months of 1993 alone.

Until the end of last year, the UK insurance companies and pension funds which buy long-dated fixed rate paper displayed a healthy appetite for what associations were offering. But as tends to happen with a change of diet, institutions showed signs of indigestion three months ago.

Associations and the lead managers of issues from securities houses such as NatWest Markets and Hambros now face the question of how to respond. Some believe that associations will simply have to take things more slowly; others argue that they will have to devise ways of widening the investor base.

Four factors have stimulated the growth of association interest in the capital markets: the funding requirement has grown. Housing association grants have been cut from 80 per cent of the cost of projects in 1988 to 62 per cent in the 1994-95 financial year. This means associations may have to raise £650m a year in private finance in the medium-term.

Building societies have been keen to increase loan funding to associations to augment slack demand for their traditional mortgage products. But although funding from banks and societies has increased, capital markets issues have grown quickly to take equal share of association funding.

- there is a good match between the maturity of bond issues and associations' assets. Banks in particular are often unwilling to lend for more than seven years, whereas associations want a source of finance that matches the longer term cash flows from private rented housing.
- UK interest rates and bond yields are at a historically low level, which offers the chance for associations to lock in a low cost of funding. Re-financing after seven years through banks means taking the risk that interest rates will rise significantly by then.
- there has been demand for associations' paper. Ms Caroline Shah, an associate director of Standard & Poor's, the US credit rating agency, says that investors have been "hungry for paper". There was a lull in debenture issues by property companies which increased interest in associations.

These factors created not just a rise in the number of bond issues, but a growth in the number of issuing vehicles.

After the initial euphoria, associations may start becoming more sophisticated in pursuit of investors by varying maturities, enhancing credit or by copying Peabody Trust in making their own issues

The original vehicle was The Housing Finance Corporation (THFC), which enabled associations to band together, and has made six issues totalling £770m since 1990.

However, this structure did not satisfy all investors. It was open-ended, allowing a variety of associations to join; it lacked credit enhancement to insure against the failure of one association. Some investors also thought that its board lacked people known in the City and independent of associations.

This led three lead managers to devise their own vehicles. Kleinwort Benson started with HACO, which issued £115m in two tranches starting in July 1992. It was followed by Hambros' FFH vehicle last March which gave credit enhancement through a 5 per cent levy on the participating associations.

These new vehicles gradually widened the net to cover most of the 35-odd institutions who might be expected to buy bond issues from associations. All was well until NatWest Markets was left with much of a £125m issue through its HALOS vehicle which it offered in November.

The shock of that led to Hambros delaying a planned issue for medium-sized associations called Housing Securities, and a general reassessment of the market. Market participants have come up with varying explanations for the problem and with varying remedies.

One problem that many agree on is that institutions may be perplexed by the variety of issuing vehicles in a relatively new sector. "There is a certain amount of confusion around because investors do not seem to be as clear as they were about which vehicle to pick," says Ms Shah.

Mr David Wallis, director of NatWest Capital Markets, says that investors are still coming to terms with the sector as a whole because it is so new. "We still have a task explaining to investors exactly what associations are. I had a hard time understanding them myself two years ago," he says.

One issue not easily assessed by investors is the political risk affecting associations. The government has no commitment to bailing out an association in trouble, and income support provides about half the rental payments from which associations must meet bond interest payments.

Some participants believe this unfamiliarity, combined with the rapid growth of issues, is the essential problem which came to a head before Christmas. Mr Charles Arbuthnot, a director of Hambros, says the sector grew too rapidly.

"You do not build a market by going suddenly from £200m of issues to £600m the following year. That is very, very fast," he says. Mr Arbuthnot argues that the task facing associations is to be "boring and controlled" and ensure a steady flow of issues rather than allowing sudden bursts.

Others argue that associations must find ways of broadening the investor base. No issue has so far been rated formally by credit ratings agencies. One securities house is thought to be working on a structured issue which would have credit enhancement and be formally rated.

An advantage of such a rating would be that associations could draw on a wider investor base. Mr Wallis of NatWest Markets says that associations will have to employ "a more sophisticated approach" to stimulate investor interest, possibly varying maturities or enhancing credit.

Some large associations could also follow the approach of Peabody Trust in making their own issues. After associations started by banding together no matter what their size and competence, this year may see a more cautious approach to capital markets, and a more diverse approach.



Homes for the people: Peabody Trust's Eton Close, Wandsworth

Andrew Taylor weighs the building industry's debt to social housing

First breaks in the ice pack

It has been a slow thaw rather than a rapid recovery. The icy grip that has held the housing market in recession began to loosen its hold last year, but progress remains slow.

Sales to owner occupiers and the prices they have paid have edged up during the past 14 months but builders remain glad to uncover any market they can find for their developments. Housing associations have been among the most enthusiastic buyers.

Last year saw record sales by the private builders to associations. These mainly supply rented housing to the poor, infirm and disabled, an area euphemistically dubbed social housing.

Associations, since the 1988 Housing Act, have become the principal purchasers of social housing taking over from local authorities which have become buyers of associations' services rather than providers of housing in their own right.

At the same time the government has expected associations to raise more of their finance from the private sector. This switch in emphasis coincided with the deepest recession in the private sector housing market for more than half a century. The growth of housing association purchases has cushioned some of the decline in total sales.

The number of homes annually acquired by associations in England trebled from 20,889 to 62,137 between 1989-90 and 1992-93. Associations are expected to have purchased nearly 60,000 more homes in the current financial year.

The proportion of homes acquired from private sector builders has risen: from about 55 per cent in the mid 1980s to 85 per cent currently.

These purchases have enabled private builders to raise much needed cash by selling expertise as well as developments and land. These otherwise might have sat in their balance sheets, unwanted by private sector home owners, and attracting high interest payments on the money borrowed to develop them.

The Government's decision to provide associations with a windfall grant of more than £700m in November 1992 to buy unsold properties proved a boon to housebuilders. These had just seen the bottom kicked out of the private housing market after sterling left the ERM.

The grant had to be spent by the end of the following March. The £591m made available in England and Wales acquired more than 18,000 homes of which more than 9,000 were properties originally built for sale to owners.

The speed with which the money had to be spent meant that associations had to buy a large proportion of completed properties. More usually associations buy land themselves, sometimes from housebuilders, which they then employ under under contract, to develop the site.

The Housing Corporation, which administers government grants to associations, estimates that about 70 per cent of homes purchased by associations will have been acquired under design and build contracts with the private sector. Less than 5 per cent of purchases are likely to have been new homes which have failed to find a private sector buyer.

Mr Derek King, the corporation's director managing the investment programme, says: "We are sensitive to complaints from owners who have bought homes on private sector developments only to find that part of the developments is being sold to a housing association. This is only a small part of our business but we prefer it when owners are told from the start that a development is going to be of mixed tenancies. In practice we have had very few problems."

Private builders like contract work. They receive a guaranteed cash flow for virtually no capital investment. Mr Alan Cherry, chairman of Countryside Properties, one of the most successful builders of homes for associations, says: "Housing association work very quickly generates a positive cash flow so there is relatively little capital employed in the process.

"Even though it would appear that some tenders are won on 2.5 per cent net profit the return on capital should be very good. Most builders will approach this activity on the basis of return on capital and, looked at this way, housing association work can be just as rewarding as speculative developments."

Builders might expect net profits of 10-15 per cent on developments built for sale to private owners but the company could expect to have a lot of capital tied up in land and work in progress.

Countryside has recently signed long-term building contracts with several groups of housing associations including a three year project to develop 1,800 homes over three years on 24 sites for South Thames Housing Partnership in consortium with three housing associations.

Large scale projects such as these enable builders to offer substantial economies of scale in terms of design, building and legal costs, he says.

Pressure on government spending means, however, that the amount of grant administered by the Housing Corporation is due to fall over the next few years from £1.86bn in 1993-94 to £1.51bn in 1994-95 and £1.48bn in 1995-96.

Housebuilders can also expect the resurgence in private sector housing to continue. Even so they are expected to maintain their interest in housing association work which has become a permanent feature of many businesses, providing cash flow irrespective of market conditions elsewhere.

■ GRANTS

Private firms may get public cash

Government is considering offering grants direct to private housebuilders to build and operate social housing developments similar to those run by housing associations, writes ANDREW TAYLOR.

This would satisfy the government's desire to provide greater competition for the supply of social housing as well as, possibly, encouraging greater private sector investment in rented housing.

The grant would be similar to the housing association grant (HAG) administered by the Housing Corporation.

Private sector developers, however, may be reluctant to become landlords of social housing developments, according to Mr Alan Cherry, chairman of Countryside Properties and chairman of the social housing committee of the House Builders Federation.

He says that many developers would be unwilling to cope with the extra bureaucracy needed to ensure proper accountability and management of public money when they already had well-established relationships with housing associations. These relationships could be threatened if builders were to compete directly with associations.

All social housing required some form of long term management which would not interest housebuilders. There was also no suggestion of more government money. The private sector would have to share an already shrinking government budget for social housing, said Mr Cherry.

He added: "Most housebuilders who are working with housing associations are opposed to the idea of direct grant and can see no additional benefits to be gained."

He said that long term partnership schemes involving private sector developers and housing associations were now producing three new homes for the price of two and were proving the most cost effective way of generating more accommodation for people in need.

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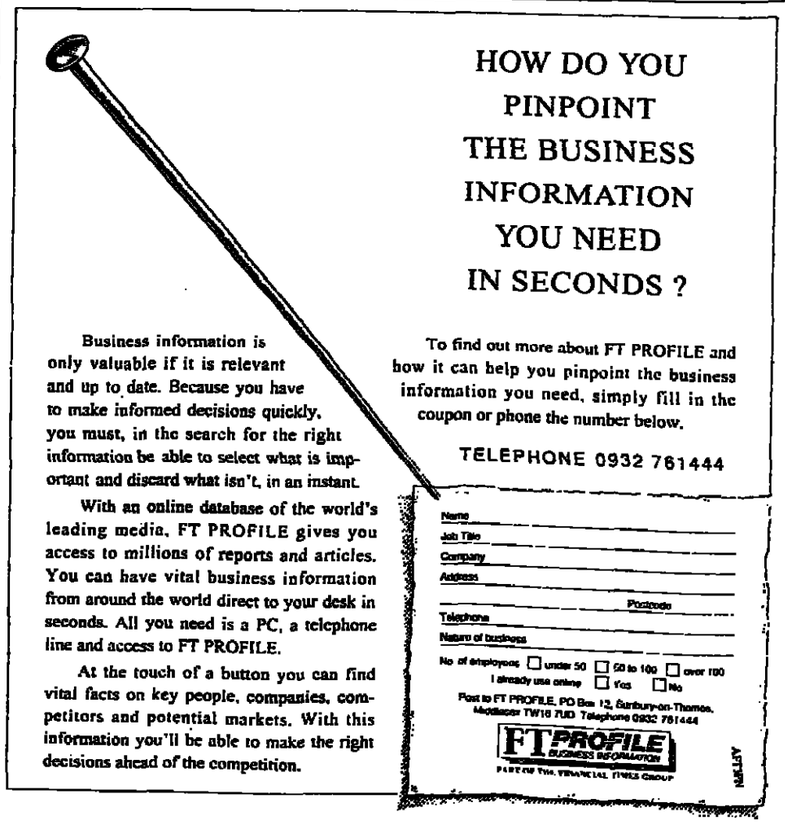
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LONDON STOCK EXCHANGE

MARKET REPORT

FT-SE 100 retreats but bounces off 3,350 level

By Steve Thompson

A low-key trading session in London saw share prices come under further moderate bouts of selling pressure. They were weakened mostly by worries about international bond and equity markets but also by a large mixed programme trade carried out by one of the London market's biggest marketmaking firms.

Dealers said the market was unsettled by worries about the failure of joint trade talks between Japan and the US, which had aimed at increasing US penetration of Japanese markets. Also, the FT-SE 100 future traded at a discount to the cash market for much of the day.

Activity in London was also restricted by *serious disruption to* transport services in and out of the City, caused by bad weather, plus a *general reluctance by fund managers* to trade in size ahead of a deluge of economic data from the UK and abroad this week.

At the close of a rather disappointing opening day to a new two-week trading account, the FT-SE 100 index settled 15.4 lower at 3,363.5. The FT-SE Mid 250 index moved in tandem with its senior index, closing 19.4 off at 4010.6.

Turnover levels were badly curtailed by the weather problems in Europe and North America. Only 626.5m shares changed hands yesterday, halting a sustained run of near 1bn share turnovers in UK equities. The day's business was said to have been among the lowest in the market so far this year.

The value of customer business in the equity market last Friday reached £2.26bn, the highest in a two-week trading account which saw some of the heaviest customer business on record.

There was no real downside pressure in London at the outset with dealers already primed to cope with the overnight weakness of the influential far eastern markets, where Tokyo dropped 2.7 per cent and the Hong Kong market 4.5 per cent.

International bond markets opened on a steady note but began *to lose ground as the day wore on,* undermining sentiment throughout equity markets.

The FT-SE 100 opened only marginally easier and briefly moved into positive territory, following good economic data on producer prices, before embarking on a decline which gathered pace throughout the early afternoon.

What surprised the market was the weakness in the FT-SE 100 index in the *face of a strong showing* by Wall Street. The US market, which was a constant threat to European market stability last week, followed last Friday's good late rally with a strong opening performance which took the Dow Jones Average up almost 30 points during London trading hours.

Dealers attributed London's weakness to a sizeable programme trade, *thought to have been operated* by Smith New Court, and said to have been weighted to the sell side. However, after testing the crucial 3,350 level, the FT-SE 100 stabilised and edged higher, helped by Wall Street, eventually halving its earlier fall.

Strategists saw no real lead in the day's events, however. "The simple message is that there are no real inflationary threats to the economy *at the present moment, or for the* next eighteen months," said Mr Richard Jeffrey of stockbroker Charterhouse Tilney.

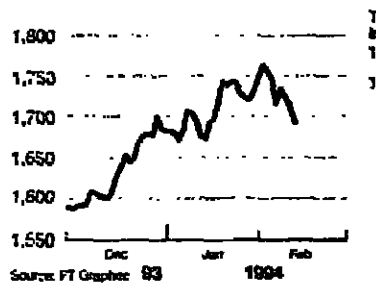
Among a welter of economic details *due this week, this morning* brings industrial production numbers for December, while tomorrow sees January inflation, unemployment and average earnings figures.

Account Dealing Dates

*First Dealings:	Jan 31	Feb 14	Feb 28
Option Declarations:	Feb 10	Feb 24	Mar 10
Last Dealings:	Feb 11	Feb 25	Mar 11
Account Day:	Feb 21	Mar 7	Mar 21

*New time dealings may take place from two business days earlier.

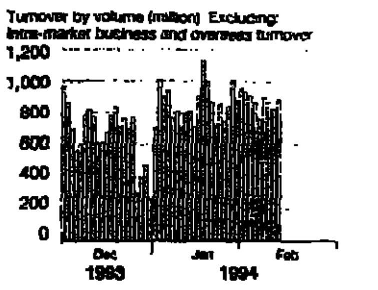
FT-SE-A All-Share index



Source: FT Graphite

Equity Shares Traded

Turnover by volume (million) Excluding: intra-market business and overseas turnover



■ Key Indicators

Indices and ratios

FT-SE 100	3363.5	-15.4
FT-SE Mid 250	4010.6	-19.4
FT-SE-A 350	1703.5	-7.9
FT-SE-A All-Share	1693.96	-7.57
FT-SE-A All-Share yield	3.33	(3.32)
FT Ordinary index	2587.1	-8.2
FT-SE-A Non Fins p/e	22.46	(22.53)
FT-SE 100 Fut Mar	3354.0	-17.0
10 yr Gilt yield	6.58	(6.57)
Long gilt/equity yld ratio:	2.12	(2.12)

Best performing sectors

1. Pharmaceuticals .... +1.5
2. Retailers, Food .... +0.6
3. Life Assurance .... +0.4
4. Retailers, General .... +0.3
5. Consumer Goods .... +0.3

Worst performing sectors

1. Banks .... -3.1
2. Water .... -1.5
3. Other Financial .... -1.2
4. Extractive Inds .... -1.2
5. Merchant Banks .... -1.2

Bar wars hit Fosters figures

A profits slide in Fosters, the Australian brewer which owns the Courage drinks group, led to a sell-off among domestic beer stocks yesterday, though they later recovered on the view that some of the selling may have been overdone.

Analysts had expected Courage to produce flat profits at worse, but it fell 17 per cent. The brewer is the first of the industry leaders to include figures for the crucial December *sales period. While the market* has been fretting about a retail price war among bars and pubs, one analyst said the Foster figures showed an *intensifying of the wholesale* battle between brewers. "Margin pressure on both fronts would be very worrying," he said.

However, some in the market believe the brewery bears have gone too far, and late yesterday there was talk of one leading broker preparing to turn positive on selected stocks. After the initial hit yesterday, most shares rallied. Bass fell 10, but recovered to close at 516p, down a net 3. Whitbread slid 10 to 534p, after 530p, *while Allied Lyons fell* 7 to 612p. Fosters was steady at 61½p. Grand Metropolitan gained 7 to 443p with one broker recommending a switch *out of Guinness, off 5 at 517p.*

GUS speculation

Continued speculation that Great Universal Stores, the diversified retail, property and financial group, is preparing to give a chunk of its £1.6bn cash pile back to shareholders inspired the shares to an ex-dividend rise of 9 to 583p on turnover of 2.1m.

However, weekend press reports suggesting that only £500m worth of shares would be bought back disappointed some analysts. One said a buy-back of 10 per cent of the stock (at a cost of some £575m) would give only a 5 per cent *rise in earnings per share for* 1994-95. Others were more positive, suggesting that the GUS move – thought probable within the next six months – was likely *to be part of a wider* restructuring. This could include floating or selling its constituent parts, with the property and financial services arms thought to be particularly eligible.

A weekend newspaper report saying that Glaxo, the pharmaceuticals group, was discussing a strategic alliance with US competitor *Pfizer saw the former's* share price jump 16 to 655p. Glaxo said the story was pure speculation but the company would be unlikely to com*ment on such sensitive issues* ahead of the announcement of first-half figures on Thursday. Some analysts said a co-operation deal in the US would make *sense, particularly after last* year's US merger between Merck and Medco. The shares also benefited from a reiterated NatWest buy recommendation and closed 12 up at 651p.

The war of words between LWT and its unwanted suitor, Granada, continued yesterday. LWT urged shareholders to *reject the revised hostile bid by* Granada Group saying the price was too low and there were few potential savings. The final offer values LWT at *around £776m or 750p per* share, an increase of nearly 30 per cent on the value of the original offer launched on December 6. LWT's chairman, *Sir Christopher Bland, said the* company was worth between 840p and 850p a share.

Mr Gerry Robinson, Granada's chief executive, described *LWT's defence as* "strong on presentation but weak on content" and the Granada offer was "demonstrably generous". LWT shares held steady at 746p and Granada was firm at 585p. Meanwhile, Yorkshire *Tyne-Tees, whose share price* has doubled since the start of the year on the belief that it will be the next regional television group to attract a *predator, added a further 10 to* 362p.

Oil major BP was restrained following heavy selling in New York on Friday. Analysts said *the company's post-results pre*sentation in the US was badly received and remained under pressure in spite of the sharp fall in temperatures on both sides of the Atlantic. However, heavy US selling was masked by a London buyer switching out of Shell Transport. BP ended the day 2 lower at 370p *on turnover of 10m, while Shell* slipped 5 to 735p.

Aran Energy, which analysts said has acreage adjacent to the big oil finds west of the *Shetlands, gained 1¾ to 29¾p.*

International conglomerate Hanson fell 6 to 282½p with some marketmakers voicing concern over the growing dis*parity between the shares and* the warrants. The warrants dropped a quarter to 39¼p on turnover of 8m.

Banks weakened with Abbey *National falling 7 to 509p on* profit-taking and Lloyds Bank and TSB Group shedding 14½ to 587p and 8 to 250½p respectively after going ex-dividend. *HSBC and Standard Chartered* both responded to the 4.5 per cent fall in the Hong Kong market. HSBC fell 23 to 987p and Standard 34 to 1265p.

The English generators were again in demand, basking in the positive comment caused by the decision on Friday by Offer, the industry regulator, not to refer the two companies to the Monopolies and Mergers Commission. PowerGen surged 9 to 550p and National Power *15½ to 491p. Eastern Electric*ity, which again announced the purchase of its own shares – 750,000 at 675.5p – yesterday, slipped 2 to 676p. Other recs *lost ground.*

Chemicals group Courtaulds slipped 7½ to 497½p after two securities houses cut this year's profit forecasts for the *company. UBS cut by £5m to* £135m and James Capel reduced by £10m to £140m.

Unease about the departure of the current chairman weakened sentiment in British Aerospace, the shares closing 4 lower at 539p.

Lines of stock were on offer in BBA, leaving the shares to *drift 16 to 1022p. The group,* which operates seven airports, reported a 5.4 per cent increase in January passenger traffic against the same month a year *earlier. Market watchers said* the figures were in line with expectations and had been discounted.

Container leasing and trailer *rental group Tiphook firmed* 3 to 67p, on suggestions, later confirmed, that this week's financial statement from the group will be accompanied by details of boardroom changes. However, details about the sale of its container division to US insurance and financial group Transamerica are also expected. Tiphook confirmed after the close that Mr R.N. Hambro had agreed to become non-executive chairman pending the *appointment of a new perma*nent chairman. The restructuring costs were put at £49.7m.

A block of 1.6m shares in United Biscuits were sold into the market at 337p and subsequently placed at 340p. The stock slid 4 to 345p.

Packaging company Parkside made its market debut at a 12p premium to the placing price and closed 2 higher at 124p.

MARKET REPORTERS:
Christopher Price,
Peter John,
Joel Kibazo.

■ Other statistics, Page 22

NEW HIGHS AND LOWS FOR 1993/94

NEW HIGHS (73).

BANKS (1) ANC. BREWERIES (2) Fuller STA, Regent Inns, BUILDING & CNSTRN (4) Ashtead Hewden-Stuart, Spandex, Tilbury Douglas, BLDG MATLS & MCHTS (5) Ransford Ind., Cakebread Robey A, Freeman, Ibstock Johnsen Wts., Roxspur, DISTRIBUTORS (7) Adam & Harvey, Dagenham Mtrs., Evans Halshaw, Headlam, Lookers, Quicks, Vardy (Reg). DIVERSIFIED INDLS (2) Amer Grp Free A, Hewitt, ELECTRNC & ELECT EQUIP (8) Control Techs., Druck, Milgate, Pressac, Toshiba Cooper, Verity, ENGINEERING (6) Firth (G.M), Lincat, Manganese Bronze, Metalrax, Prospect Inds., VSEL, ENG. VEHICLES (2) Avon Rubber, Bostrom, HEALTH CARE (2) Arjo, Community Hsptls., HOUSEHOLD GOODS (1) Airsprung Furn., INSURANCE (1) HCD Lloyds, INVESTMENT TRUSTS (1) Trust of Prop., LEISURE & HOTELS (2) Granada 7.5p Pf., Vardon, MEDIA (7) Abbott Mead Vickers, GWR, Metro Radio, Sleepy Kids, Ulster TV, Yorks. Tyne-Tees TV, Do Wrts., OIL, INTEGRATED (1) Exxon, OTHER FINANCIAL (2) Investment Co., Quayle Munro, OTHER SERVS & BUSNS (1) UDO, PRTNG, PAPER & PACKG (1) St Ives, PROPERTY (6) Aukett Assocs., Green Property, Hammerson Props., High-Point, Jermyn Inv., Prior, RPS, Slough Ests., RETAILERS, FOOD (1) Greggs, RETAILERS, GENERAL (3) Carpetright, Essex Furn., Moss Bros, SUPPORT SERVS (2) Admiral, BSM, TEXTILES & APPAREL (2) Honeysuckle, Leslie Wise, TRANSPORT (3) Goode Durrant, TNT, Tibbett & Britten,

NEW LOWS (6).

BANKS (1) Standard Chrtd. 7 3/8pc Pf., FOOD MANUF (1) Everest, INVESTMENT TRUSTS (2) Martin Currie Pac. Wts., Murray Ent Wrts., PHARMACEUTICALS (1) Scotia, TEXTILES & APPAREL (1) Martin Int.,

EQUITY FUTURES AND OPTIONS TRADING

Weakness in gilts and other European markets brought *a retreat in stock index* futures and undermined the cash market, *writes Joel Kibazo.*

Independent traders adjusting positions led the selling early in the session *after the March contract on* the FT-SE 100 opened the new account at 3,373. The selling briefly steadied with the release of favourable producer price index figures.

However, dealers were soon reflecting on the weakness in the gilts and *other European markets* which brought further selling of the contract, pulling the cash market lower. One dealer said: "The cash *market surprised us with its* resilience, given this kind of weakness in the futures."

The firm start in New York failed to lift the gloom and having traded at a discount for most of the session, *March ended at 3,354, a 9* point discount to its fair value premium to cash which now stands at around minus 5 on this account. Volume was *a modest 10,822 contracts* at the official close.

Turnover in traded options was well down on Friday's strong total, reaching 41,377 against 72,492 contracts. Business in the index options was also down reaching only 18,003 in the FT-SE 100 option. In the stock options, HSBC traded 2,943 lots and was followed by British Gas at 2,632 lots. Barclays, Asda and Lucas Industries were also busy.

■ FT-SE 100 INDEX FUTURES (LIFFE) £25 per full index point

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	3388.0	3354.0	-17.0	3379.0	3332.0	13637	63180
Jun	3387.0	3368.5	-17.0	3387.0	3354.0	44	12066
Sep		3388.0	-17.0			0	390

Contract traded on APT. Open interest figures are for previous day.

■ FT-SE MID 250 INDEX FUTURES (OMLX) £10 per full index point

	Open	Sett price	Change	High	Low	Volume	Open int.
Mar	4050.0	4025.5	-24.5	4050.0	4010.5	412	2,828
Jun		4036.5					

All open interest figures are for previous day.

■ FT-SE 100 INDEX OPTION (LIFFE) (*3358) £10 per full index point

	3200		3250		3300		3350		3400		3450		3500		3550	
	C	P	C	P	C	P	C	P	C	P	C	P	C	P	C	P
Feb	162	2½	113½	4	70	10	37	26	12½	54	4	96	2	145½	½	195½
Mar	177½	24½	139	35½	103½	50	75½	71½	52	98½	33	129½	20	167½	12	209½
Apr	195	42	158½	55½	126	72½	97½	94	73	119½	53½	149½	38½	184	25½	221½
May	217½	58½	180½	71	150	89½	121	110	95½	135	74½	163½	56	195½	43	232
Jun†	231	65½			166½	99½			111	144½			69½	203½		

Calls 8,844 Puts 9,753

■ EURO STYLE FT-SE 100 INDEX OPTION (LIFFE) £10 per full index point

	3175		3225		3275		3325		3375		3425		3475		3525	
Feb	134½	1	135½	2½	89½	5½	52½	16½	23½	39½	7½	72½	3	119½	2	169
Mar	198½	19½	157	28	119½	40½	87	57½	61	81½	40½	110½	25½	145½	15½	185
Apr			173½	45½			108	78½			69	130			29½	198½
Jun			210½	69			149½	105			100½	155½			64½	217½
Sept†			252½	94			192	130½			141	176½			100	232½

Calls 82 Puts 340 * Underlying index value. Premiums shown are based on settlement prices.
† Long dated expiry months.

■ EURO STYLE FT-SE MID 250 INDEX OPTION (OMLX) £10 per full index point

	3950		4000		4050		4100		4150		4200		4250		4300	
Mar		51		57		90½	44½	118	29	151½	17	196	10½		6½	
Apr		69		89		113	69½	141½	53	174	38½		28½		28½	

Calls 16 Puts 105 Settlement prices and volumes are taken at 4.30pm.

TRADING VOLUME

■ Major Stocks yesterday

	Vol. 000s	Closing price	Day's change
ASDA Group†	15,000	57	-1½
Abbey National†	3,700	509	-7
Albert Fisher	170	67	
Allied-Lyons†	1,500	612	-7
Anglian Water†	1,200	535	
Argos	286	372	+6
Argyll Group†	8,500	261	+4
Arjo Wiggins†	387	280	-4
Assoc. Brit. Foods†	30	555	-2
Assoc. Brit. Ports	54	615	
BAA†	1,500	1022	-16
BAT Inds.†	2,200	491	-5
BET	627	143	+½
BICC	843	444	-1
BOC†	458	674	+2
BP†	10,000	370	-2
BPB Inds.	736	355	+4
BT†	8,000	450½	-1½
BT (P/Paid)	4,800	331	-2
BTR†	3,700	374	-4
Bank of Scotland†	882	219	-3½
Barclays†	2,700	579	-5
Bass†	1,600	516	-3
Blue Circle†	1,300	360	
Booker	114	450	
Boots†	1,000	542	
Bowater†	650	474	-6
Brit. Aerospace†	783	539	-4
British Airways†	1,700	474	-1
British Gas†	6,600	331	-4
British Land	1,000	448	-5
British Steel†	6,400	147½	+5
Bunzl	1,600	170	+1
Burmah Castrol†	309	858	+1
Burton	4,200	55½	+½
Cable & Wire†	4,200	484	-1
Cadbury Schweppes†	1,400	516	+7
Calor Group	79	344	+2
Caradon†	1,300	414	-1
Carlton Comms.†	382	977	-7
Coats Viyella†	681	272	
Comm. Union†	680	640	-8
Cookson	1,000	257	
Courtaulds†	1,600	497½	-7½
Dalgety	51	469	-1
De La Rue	2,800	952	+2
Dixons	277	219	-2
Eastern Elec.	2,200	676	-2
East Midland Elec.	926	654	-12
Eng China Clays	348	509	-4
Enterprise Oil†	376	440	-2
Eurotunnel Units	219	556	-28
FKI	889	194	-1
Fisons	3,600	129	+2
Foreign & Col. I.T.	326	287½	-2½
Forte†	2,900	257	
Gen. Accident†	659	660	+1
General Elect.†	1,600	344	-1
Glaxo†	3,200	651	+12
Glynwed	33	378	
Granada†	1,200	565	-1
Grand Met.†	4,400	443	+7
GUS†	2,900	583	+13
GRE†	4,700	234	+7
GKN	813	558	+1
Guinness†	4,500	517	-5
HSBC (75p shs)†	4,400	987	-23
Hammerson	72	434	+1
Hanson†	7,300	282½	-6
Harrisons Crosfield	1,600	202	-2
Hays	792	317	-1
Hillsdown	587	172	-1
IMI	87	350	+1
ICI†	821	782	-5
Inchcape†	1,900	577	-2
Johnson Matthey	504	588	-1
Kingfisher†	1,100	640	-3
Kwik Save	253	573	-8
Ladbroke†	2,400	205	
Land Securities†	1,900	755	+2
Laporte	856	828	-14
Legal & General†	437	499	
Lloyds Abbey	1,800	412	-15½
Lloyds Bank†	3,700	587	-14½
LASMO	774	126	
London Elec.	841	867	-17
Lonrho	4,800	160½	+2½
Lucas	5,100	220	-½
MEPC†	757	514	+2
MFI	2,200	180	+1
Manweb	290	758	-22
Marks & Spencer†	1,100	425	+2
Midlands Elec.	1,400	887	-24
Morrison (Wm.)	120	108	-1
NFC†	568	263	
NatWest Bank†	5,500	651	-3
National Power†	4,800	491	+15½
Next	56	228	+1
North West Water†	748	348	-11
Northern Elect.	604	701	-22
Northern Foods†	430	235	+6
Norweb	417	711	-19
Pearson†	910	682	-12
P & O†	845	702	+2
Pilkington	2,900	165	
PowerGen†	820	550	+9
Prudential†	1,600	339	+6
RMC†	208	968	+6
RTZ†	2,100	840	-12
Racal	2,700	210	
Rank Org.†	1,300	1057	+10
Reckitt & Colman†	347	678	
Redland†	433	587	-9
Reed Intl.†	1,000	918	-8
Rentokil†	2,800	257	-2
Reuters†	1,300	2008	-24
Rolls Royce†	5,700	179½	
Ryl Bk Scotland†	1,300	485	+6
Royal Insurance†	837	314	-1
Sainsbury†	2,500	369	+6
Schroders†	11	1358	-42
Scottish & New.†	1,000	515	-3
Scot. Hydro-Elect.	922	412	-3½
Scottish Power†	2,800	418	-3
Sears†	2,700	118	-2
Sedgwick	616	185	-2
Seeboard	1,400	370	-13
Severn Trent†	949	678	-13
Shell Transport†	5,800	735	-5
Siebe†	848	570	-2
Slough Ests.	51	290	
Smith (W.H.) A	981	492	
Smith & Nephew†	2,300	148½	+½
SmKl Beecham†	4,900	415	+6
SmKl Beecham Uts.†	2,700	385	+5
Smiths Inds.	316	479	+2
Southern Elect.†	968	673	-8
South Wales Elec.	147	725	-15
South West Water	428	501	-13
South West. Elect.	212	656	-17
Southern Water	77	608	-13
Standard Chartd.†	1,100	1265	-34
Storehouse	1,900	234	+6
Sun Alliance†	981	385	+2
T&N	426	241	
TI Group†	1,200	407	
TSB†	5,800	250½	-8½
Tarmac	1,000	164	+1
Tate & Lyle	704	441	-4
Taylor Woodrow	2,100	182	+2
Tesco†	3,300	226	+1
Thames Water†	440	559	-3
Thorn EMI†	711	1083	-2
Tomkins†	1,100	264	+1
Trafalgar House	4,200	115½	-½
Unigate	799	387	-3
Unilever†	980	1214	-3
United Biscuits†	4,300	345	-4
Utd. Newspapers	581	712	-8
Vodafone†	1,200	620	-4
Warburg (SG)†	326	926	-7
Wellcome†	2,200	650	+6
Welsh Water	35	671	-13
Wessex Water	307	666	-22
Whitbread†	1,700	534	-10
Williams Hldgs.†	147	392	-1
Willis Corroon	521	219	-5
Wimpey	369	223	
Wolseley†	517	877	-6
Yorkshire Elec.	452	654	-16
Yorkshire Water	452	584	-10
Zeneca†	1,500	771	+9

Based on trading volume for a selection of major securities dealt through the SEAQ system yesterday until 4.30pm. Trades of one million or more are rounded down. † Indicates an FT-SE 100 index constituent

FT-SE Actuaries Share Indices — The UK Series

	Feb 14	Day's chge%	Feb 11	Feb 10	Feb 9	Year ago	Div. yield%	Earn. yield%	P/E ratio	Xd adj. ytd	Total Return
FT-SE 100	3363.5	-0.5	3378.9	3407.0	3429.1	2645.9	3.49	5.16	24.01	5.29	1234.20
FT-SE Mid 250	4010.6	-0.5	4030.0	4068.9	4101.1	3022.5	3.04	4.61	25.50	9.55	1458.19
FT-SE Mid 250 ex Inv Trusts	4030.6	-0.4	4047.6	4086.9	4116.1	3030.3	3.13	5.14	24.08	9.40	1460.66
FT-SE-A 350	1703.5	-0.5	1711.4	1726.2	1738.0	1404.3	3.38	5.08	24.35	3.00	1280.42
FT-SE SmallCap	2063.97	-0.2	2068.86	2082.49	2081.60	1520.73	2.66	3.40	37.64	3.59	1568.29
FT-SE SmallCap ex Inv Trusts	2045.89	-0.1	2047.39	2058.08	2054.77	1521.83	2.78	3.72	35.10	3.73	1557.36
FT-SE-A ALL-SHARE	1693.96	-0.4	1701.53	1715.97	1726.82	1386.96	3.33	4.96	24.97	2.98	1295.76

■ FT-SE Actuaries All-Share

	Feb 14	Day's chge%	Feb 11	Feb 10	Feb 9	Year ago	Div. yield%	Earn yield%	P/E ratio	Xd adj. ytd	Total Return
10 MINERAL EXTRACTION(18)	2624.12	-0.9	2649.22	2676.32	2693.38	2082.60	3.36	4.75	26.06	4.90	1025.98
12 Extractive Industries(4)	3889.66	-1.2	3937.81	3999.97	4033.61	3112.20	3.21	4.70	25.17	0.00	1046.73
15 Oil, Integrated(3)	2559.80	-0.9	2583.99	2605.18	2615.75	1966.60	3.42	4.85	25.70	6.35	1020.99
16 Oil Exploration & Prod(11)	1895.58	-0.4	1903.08	1937.08	1966.39	1962.60	3.15	3.79	33.91	0.00	1074.87
20 GEN MANUFACTURERS(264)	2177.06	-0.4	2184.90	2207.92	2215.43	1689.20	3.38	3.13	43.79	1.93	1078.14
21 Building & Construction(31)	1523.93	-0.1	1526.15	1542.27	1549.79	899.30	2.33	1.26	80.00†	1.29	1168.68
22 Building Matls & Merchs(30)	2300.09	—	2300.89	2317.41	2342.56	1485.60	3.05	2.50	55.19	1.14	1053.88
23 Chemicals(20)	2418.31	-0.6	2432.64	2463.32	2490.36	2113.00	3.82	‡	‡	0.39	1039.06
24 Diversified Industrials(16)	2146.22	-1.1	2170.10	2212.98	2210.82	1841.90	4.14	4.44	28.59	3.21	1061.53
25 Electronic & Elect Equip(34)	2219.79	-0.1	2221.68	2229.78	2224.42	1782.00	3.32	5.48	22.20	1.26	1054.84
26 Engineering(72)	1974.30	+0.2	1969.45	1984.34	1989.66	1412.00	2.74	1.86	80.00†	2.72	1103.36
27 Engineering, Vehicles(12)	2413.39	-0.1	2414.87	2432.75	2444.78	1794.30	4.29	3.19	43.92	0.08	1134.39
28 Printing, Paper & Pckg(27)	2951.06	-0.5	2964.50	2981.60	2981.89	2270.80	2.74	4.19	28.86	1.60	1133.81
29 Textiles & Apparel(22)	1990.16	-0.1	1991.43	1995.82	2005.55	1880.60	3.29	5.01	25.06	1.32	1096.64
30 CONSUMER GOODS(93)	2908.79	+0.3	2900.81	2931.84	2962.81	2909.20	3.84	6.75	17.47	5.82	989.24
31 Breweries(17)	2207.45	-0.8	2224.63	2258.52	2299.54	2090.10	4.12	7.77	15.82	9.84	987.24
32 Spirits, Wines & Ciders(10)	3038.61	-0.1	3041.02	3053.45	3079.33	2823.90	3.49	6.33	18.59	19.74	895.67
33 Food Manufacturers(23)	2502.89	—	2503.62	2533.41	2548.44	2357.80	3.64	6.73	17.60	2.80	1018.95
34 Household Goods(12)	2826.79	—	2827.95	2827.46	2824.26	2395.90	3.03	6.49	17.84	0.00	987.20
36 Health Care(20)	1863.45	-0.1	1864.40	1878.55	1877.46	1809.90	2.88	5.14	23.25	0.82	1055.48
37 Pharmaceuticals(10)	3084.18	+1.5	3038.97	3080.85	3121.20	3440.20	3.90	6.56	17.70	0.00	946.30
38 Tobacco(1)	4119.04	-1.0	4160.99	4207.13	4274.24	4062.80	4.89	7.73	15.09	0.00	897.08
40 SERVICES(220)	2125.24	-0.1	2126.97	2140.25	2143.46	1775.10	2.79	5.32	22.77	3.41	1020.73
41 Distributors(31)	3198.45	-0.3	3208.22	3215.84	3212.47	2497.20	2.62	4.69	25.82	1.24	1060.96
42 Leisure & Hotels(22)	2311.24	+0.1	2308.46	2310.71	2309.28	1739.80	3.51	5.06	23.65	10.19	1118.94
43 Media(39)	3266.47	-0.9	3295.29	3321.46	3318.54	2194.60	1.67	4.04	29.40	1.70	1111.67
44 Retailers, Food(17)	1619.85	+0.6	1606.39	1606.85	1620.89	2086.60	3.78	9.86	12.69	1.82	940.59
45 Retailers, General(43)	1779.86	+0.3	1774.04	1791.32	1795.68	1447.20	2.67	5.21	24.09	4.06	931.05
48 Support Services(40)	1782.35	-0.2	1785.39	1803.27	1795.99	1554.30	2.20	6.40	17.86	0.83	1062.75
49 Transport(16)	2717.36	-0.7	2735.69	2750.93	2758.62	2029.90	3.06	3.35	33.79	2.48	1041.85
51 Other Services & Business(12)	1348.11	+0.1	1347.31	1369.58	1364.91	1381.50	3.52	3.21	43.98	0.72	1134.48
60 UTILITIES(36)	2588.44	-0.6	2601.84	2626.72	2664.96	2040.70	3.85	7.85	15.34	5.60	987.33
62 Electricity(17)	2441.12	-0.4	2450.25	2461.65	2537.47	1604.90	3.39	10.14	12.12	15.85	985.92
64 Gas Distribution(2)	2202.64	-1.0	2224.53	2253.93	2248.28	1898.00	5.32	7.71	16.20	0.00	973.19
66 Telecommunications(4)	2312.28	-0.3	2320.34	2348.55	2356.69	1907.40	3.42	5.24	23.28	0.09	961.99
68 Water(13)	1950.58	-1.5	1980.64	2014.83	2064.23	1734.40	4.74	11.61	9.51	3.48	938.50
69 NON-FINANCIALS(631)	1803.59	-0.2	1808.11	1824.93	1837.23	1523.68	3.41	5.45	22.46	2.91	1239.74
70 FINANCIALS(105)	2586.53	-1.2	2619.11	2630.06	2638.65	1830.40	3.17	3.25	43.23	5.12	992.48
71 Banks(10)	3350.80	-2.1	3421.20	3421.96	3435.20	2284.20	2.72	3.85	33.27	12.64	973.22
73 Insurance(18)	1481.76	—	1481.52	1488.18	1482.42	1305.70	4.48	‡	‡	0.09	976.30
74 Life Assurance(6)	2690.94	+0.4	2681.23	2703.64	2705.94	2365.10	4.34	4.52	27.84	0.00	988.62
75 Merchant Banks(6)	3567.34	-1.2	3610.18	3684.74	3710.28	2110.30	2.49	6.12	20.01	0.00	1045.27
77 Other Financial(25)	2196.19	-1.2	2223.99	2249.24	2246.94	1814.00	2.63	4.92	25.68	5.27	1143.14
79 Property(40)	1845.80	—	1846.48	1894.56	1871.74	1093.10	3.34	3.01	44.13	2.01	1029.70
80 INVESTMENT TRUSTS(119)	2990.79	-1.1	3023.82	3056.07	3091.83	2239.90	2.13	1.71	58.43	6.86	990.07
89 FT-SE-A ALL-SHARE(885)	1693.96	-0.4	1701.53	1715.97	1726.82	1386.96	3.33	4.96	24.97	2.98	1295.76

■ Hourly movements

	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	High/day	Low/day
FT-SE 100	3373.2	3371.7	3379.4	3366.7	3366.3	3359.9	3357.2	3352.1	3358.9	3379.8	3350.2
FT-SE Mid 250	4026.7	4025.2	4022.1	4019.7	4019.9	4015.4	4013.3	4008.6	4008.9	4028.4	4005.7
FT-SE-A 350	1708.9	1708.2	1710.9	1705.7	1705.6	1702.6	1701.4	1698.7	1701.6	1711.4	1698.0

Time of FT-SE 100 High 10.03am Low 2.53pm

■ FT-SE Actuaries 350 Industry baskets

	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	Close	Previous	Change
Bldg & Cnstrcn	1469.7	1467.3	1474.3	1474.6	1473.7	1471.7	1470.1	1469.9	1470.4	1471.9	1471.6	+0.3
Pharmaceuticls	3022.3	3042.3	3068.0	3054.6	3054.9	3054.9	3051.6	3039.3	3050.5	3053.7	3008.4	+45.3
Water	1974.0	1968.1	1956.3	1966.6	1970.2	1962.5	1960.6	1950.6	1946.9	1946.9	1977.4	-30.5
Banks	3431.4	3426.9	3420.9	3369.4	3398.2	3387.4	3383.8	3382.9	3377.5	3392.3	3463.7	-71.4

Additional information on the FT-SE Actuaries Share Indices is published in Saturday issues. Lists of constituents are available from The Financial Times Limited, One Southwark Bridge, London SE1 9HL. The FT-SE Actuaries Share Indices Service, which covers a range of electronic and paper-based products relating to these indices, is available from FINSTAT at the same address. The FT-SE 100, the FT-SE Mid 250, FT-SE Actuaries 350 and the FT-SE Actuaries Industry baskets are calculated by the International Stock Exchange of the United Kingdom and Republic of Ireland and the FT-SE Actuaries All-Share Index is compiled by The Financial Times Limited, both in conjunction with the Institute of Actuaries and the Faculty of Actuaries under a standard set of ground rules. The FT "500" has been renamed FT-SE-A Non-Financials Index. © The Financial Times Limited 1994. All rights reserved. © The International Stock Exchange of the United Kingdom and Republic of Ireland Limited 1994. "FT-SE" and "Footsie" are joint trade marks and service marks of the London Stock Exchange and The Financial Times Limited. The FT-SE Actuaries Share Indices are audited by The WM Company. † Sector P/E ratios greater than 80 are not shown. ‡ Values are negative. CONSTITUENT CHANGE: DELETION: Morgan Grenfell Equity Income Trust 'C' (80)

Spain - Economic Outlook

The Central Hispano report on the Spanish economy

CURRENT ACCOUNT DEFICIT: IMPROVEMENT UNDERWAY

Spain's economic downturn and the peseta's devaluation have produced a significant improvement in the current account deficit, one of the country's traditional bottlenecks which has held back growth potential.

Higher exports, spurred by the gain in competitiveness of exports from the peseta's slide, and very low import growth, reflecting weak domestic demand, reduced the trade deficit by 36.8% in 1993 to $15.6bn (3.4% of GDP). This, combined with a higher surplus on the tourism account, helped to lower the current account deficit to $5 bn (around *1% of GDP*) from *3.3% in 1992.*

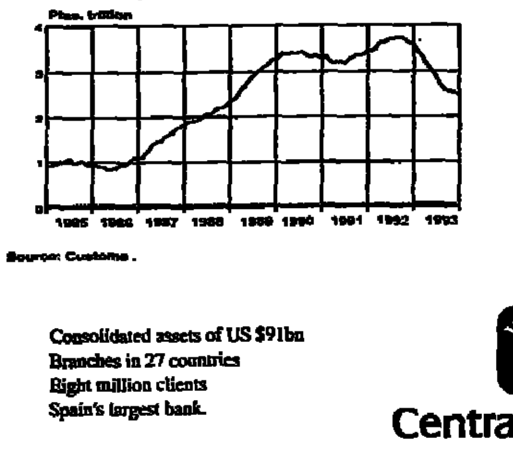
The coverage ratio (exports as a percentage of imports) improved to 80% from 68% in 1992.

The external sector was the main motor of the Spanish economy in 1993, contributing 2 points *to GDP growth* and helping to partially offset the sharp fall in domestic *demand. The depressed home market forced many large* companies to seek international outlets for their products.

In 1985, the last year before Spain joined the European Community, the current account registered a *surplus equivalent to 1.4% of GDP. By 1992, after a* period of economic boom, full trade liberalisation and a gradual erosion of competitiveness caused by the spurt in labour costs, the current account deficit reached 3.3% of GDP - high by international standards - and financing problems appeared.

The surge in imports and weak export growth pushed up the trade deficit to 5.3% to GDP in 1992. With the peseta locked into the fluctuation band of the European Monetary System (EMS) exchange-rate mechanism as of 1989, Spain could not resort to a devaluation to boost its competitiveness. Furthermore, the problem was compounded by high interest rates and the peseta's strength.

SPAIN'S TRADE DEFICIT
(12-month cumulative figures)



Source: Customs.

The turmoil in the EMS during 1992, following a loss of confidence in European convergence, hit the peseta *hard because of Spain's inflation level and high budget* and current account deficits. As part of an EMS realignment the peseta was devalued three times between September 1992 and May 1993 and by February 1994 had fallen 22% against the DM.

Real growth in exports was 15% in 1993. Exporters have also been able to increase their prices and rebuild their margins which had been severely eroded. Growth in export has been markedly different by markets: weak in the case of the European Union (which accounts for close to 70%) because of recession in many countries and very strong (particularly capital goods) to the "Asian tigers" (Taiwan, South Korea, Hong Kong and Singapore) and some Latin American nations, partly because of the peseta's much greater slide against the US dollar. Growth in exports to the "Asian tigers" was 76% in the first 11 months of 1993, compared with a fall of 3.2% in the same period of 1992.

Meanwhile, the peseta's fall increased the average price of imports by 6% *in 1993,* compared with a *fall of* 3.7% in 1992. Imports declined 3% in real terms in 1993, *after rising 9% in 1992. The fall was particularly sharp in* capital goods because of the current downturn in *productive investment.*

The external sector will continue to provide the main *stimulus for the Spanish economy this year. Increased* exports are helping to reactivate investment. However, it is still necessary to improve price competitiveness in order to ensure that the gains from the devaluation of the peseta do not disappear. The government's proposed labour market reforms, which are being debated in parliament, and the likely wage moderation this year are steps in the right direction.

Compared with the spectacular fall in 1993, the current account deficit will not come down as much in 1994 because of the slower rate of decline of the trade deficit: since last August it has been falling at year-on-year rates of nearly 10%, against rates of more than -30% in the first seven months of the year, because of a pick-up in imports. Nevertheless it should decline to less than 1% of GDP this year.

In the medium-term, it will be necessary to contain labour costs and make greater headway in reducing *inflation in order to ensure that when domestic demand* picks up and economic growth bounces back Spain is in a *position to sustain the progress it has made.*

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AIB Unit Trust Managers Limited (1000)F
51 Belmont Rd, Uxbridge, Middx UB8 1RZ 0895 259783

AXA Equity & Law Unit Tst Mngrs (1200)H
Equity & Law Hse, Corpn St, Coventry 0203 553231

Abbey Unit Tst Mngrs (1000)H
80 Holdenhurst Rd, Bournemouth 0345 717373

Aberforth Unit Trust Managers Ltd (1600)F
14 Melville St, Edinburgh EH3 7NS 031-220 0733

Abtrust Unit Trust Managers Ltd (1200)H
10 Queens Terrace, Aberdeen AB9 1QJ 0800 833580

Acuma Fund Managers Ltd (1400)F
5 Rayleigh Rd, Hutton, Essex 0277 680038

AEGON Unit Trusts Ltd (1000)F
28 St Andrew Square, Edinburgh EH2 1YF 031-549 3232

Allchurches Inv Mgmt Servs Ltd (1200)F
101 King's Road Brentwood CM14 4DR 0452 305958

Allied Dunbar Unit Tsts PLC (1600)F
Allied Dunbar Centre, Swindon, SN1 1EL

For Arkwright see Henry Cooke

B & C E Unit Trust Mngmt Ltd (1000)H
Manor Royal, Crawley RH10 2QP 0293 526911

BSI-Thornhill Unit Trust Mgrs Ltd (1200)F
26 St John's Sq, London EC1M 4AE 071-251 6767

Baillie Gifford & Co Ltd (1400)H
1 Rutland Court, Edinburgh EH3 8EY 031-222 4242

Bank of Ireland Fund Mgrs Ltd (1400)F
36 Queen St, London EC4R 1BN 071-489 8673

Barclays Unicorn Ltd (1000)F
11 Broadway, Stratford E15 4BJ 081-534 5544

Baring Fund Managers Ltd (1200)H
PO Box 156, Beckenham, Kent BR3 4XQ 081-658 9002

Blackstone Franks UT Mngrs Ltd (0900)F
26-34 Old Street, London EC1V 9HL 071-250 3300

Brewin Dolphin Unit Tst Mgrs Ltd (0905)F
5 Giltspur St, London EC1A 9DE 071-236 6441

Britannia Life Unit Managers Ltd (1200)F
50 Bothwell Street, Glasgow G2 6HR 041-223 0020

* C.A.R. - Compound Annual Rate

Burrage Unit Tst Mangmt Ltd (0905)F
117 Fenchurch St, London EC3M 5AL 071-480 7216

CIS Unit Managers Ltd (1000)F
PO Box 105, Manchester M60 4AH 061-837 5060

Canada Life Unit Tst Mngs Ltd (1200)F
High St, Potters Bar, Herts, EN6 5BA 0707 651122

Capel-Cure Myers UT Mngt Ltd (1200)F
35 Fountain Street, Manchester M2 2AF 061-236 5685

Capel-Cure Myers UT Mngt Ltd - Contd.

Capital House Unit Tst Mgrs (1200)F
Capital House, Festival Square, Edinburgh. 031-228 4477

Cazenove Unit Trust Mngmt Ltd (1600)F
3 Copthall Avenue, London EC2R 7BH 071-606 0708

Century Unit Trusts Ltd (1400)F
5 Old Bailey, London EC4M 7BA 071-332 5000

Chartered Asset Mngmt Ltd (1700)F
151 Farringdon Rd, London EC1R 3AD 071-837 7887

City Financial Unit Trust Mngrs Ltd (1100)F
1 White Hart Yard, London Bridge, SE1 071-407 5966

City of London Unit Tst Mgrs Ltd (1200)F
10 Eastcheap, London, EC3M 1AJ 0392 412144

Clerical Medical Unit Tst Mgrs Ltd (1200)F
Narrow Plain, Bristol BS2 0JH 0800 373393

Colonial Mutual Unit Tst Mgrs Ltd (1200)F
Chatham Maritime, Kent ME4 4YY 0634 890000

Commercial Union Fin'l Mngt Int'l Ltd (1200)F
Exchange Court, 3 Bedford Park, Croydon CR0 2AQ

Confederation Funds Mngt Ltd (1200)F
Lytton Way, Stevenage, Herts SG1 2NN 0438 744540

Consistent Unit Tst Mngt Co Ltd (1200)F
1 White Hart Yd, London Bridge, SE1 1NX 071-407 5966

Henry Cooke Investment Funds Ltd (1400)F
1 King St, Manchester M60 3AH 0800 528359

Co-op Pension Fds UT Mgrs Ltd (1000)F
PO Box 473, 60 Cornhill, London EC3V 3PD 071-283 9484

Credit Suisse Investment Funds (UK) Ltd (1200)F
3 Rayleigh Rd, Hutton, Brentwood, Essex 0277 690370

Dimensional Tst Mangmt Ltd (0900)F
155 Bishopsgate, London EC2M 3XS 071-410 0177

Discretionary Unit Fund Mngrs (1000)F
66 Wilson Street, London EC2A 2BL 071-377 8819

Dunedin Unit Tst Mngrs Ltd (1200)F
25, Ravelston Terrace, Edinburgh 031-315 2500

Eagle Star Unit Mngrs Ltd (1000)F
Bath Road, Cheltenham GL53 7LQ 0242 577 555

Edinburgh Unit Tst Mngrs Ltd (1400)H
37 Heriot Row Terrace, Edinburgh 0345-090 526

Elcon Ltd (1000)F
Central Ct, Mill Rise, Orpington, BR6 0JA 0689 70536

Endurance Fund Management Ltd (0905)F
41 Hertington Gardens, London SW7 4JU 071-373 7381

Equitable Unit Trust Managers Ltd (1600)F
Walton St, Aylesbury, Bucks, HP21 7QW 0296 386389

Evermore Investment Mngs Ltd (1000)F
1 White Hart Yard, London Bridge, SE1 071-407 5966

Exeter Fund Managers Ltd (1400)F
23 Cathedral Yard, Exeter EX1 1HB 0392 412144

Family Investment Mngmt Ltd (1000)F
16 West Street, Brighton BN1 2RE 0273 220707

Fidelity Investment Servs Ltd (1200)F
130, Tonbridge Rd, Tonbridge TN11 9DZ
Callfree: Private Clients 0800 414161
Broker Dealings 0800 414181

Fidelity Investment Servs Ltd - Contd.

* CAR - Net income reinvested

Fleming Private Fund Mngt Ltd (1200)F
20 Finsbury St, London EC2Y 9AQ 071-814 2700

Foreign & Colonial Unit Mgt (1000)F
Admin, PO Box 2001, Brentwood, Essex CM13 1XR

Foster & Braithwaite Fd Mngt Ltd (1100)F
1 White Hart Yard, London SE1 1NX 071-407 5966

Framlington Unit Mngt Ltd (1200)F
155 Bishopsgate, London EC2M 3FT 071-374 4100

Friends Provident Unit Trusts (1000)F
Castle Street, Salisbury, Wilts.

GA Unit Trust Mngrs Ltd (1000)F
PO Box 237, York Y01 1LA 0345 581067

* C.A.R. - Compound Annual Rate

GT Unit Managers Ltd (1200)H
Alban Gate, 14th Floor, 125 London Wall, London EC2Y 5AS 071-710 4567

Gartmore Fund Managers (1200)F
London EC3R 8AJ 071-782 2000

* On a switch, units will be issued at Bid price
** Yield expressed as CAR (Compound Annual Return)

Glenfriars Unit Tst Mngrs Ltd (0905)F
22 Suffolk St, London SW1Y 4HS 071-930 7533

Global Asset Management (1200)F
GAM Sterling Management Ltd
12 St James's Place, London SW1A 1NX 071-493 9990

Govett (John) Unit Mgmt Ltd (1000)F
Shackleton House, 4 Battle Bridge Lane, London SE1 071-378 7979

Granville Unit Tst Mngmt Ltd (0850)F
Mint Hse, 77 Mansell St, London E1 8AF 071-488 1212

Guardian Royal Ex Unit Mgrs Ltd (1000)F
55 Harbour Exchange Sq, Lon E14 9GE 071-538 8686

Guinness Flight Unit Tst Mgrs Ltd (2400)F
5 Gainsford Street, London SE1 2NE 071 522 2111

* Yield Calculated on Historic Basis

HSBC Unit Trust Management Ltd (1200)F
7 Devonshire Square, London EC2M 4HU

Halifax Standard Tst Mngmt Ltd (0730)F
PO Box 600, Edinburgh EH11 1EW 0800 838558

Hambros Unit Trust Managers Ltd (1000)F
Admin, 5 Rayleigh Rd, Hutton, Brentwood, Essex

Henderson Unit Tst Mngmt Ltd (1200)F
PO Box 2157, Brentwood, Essex CM14 4ET

Hill Samuel Unit Tst Mgrs Ltd (1200)F
NLA Tower Addiscombe Road, Croydon 081-686 4355

INVESCO Fund Managers Ltd (1200)F
11 Devonshire Square, Lon, EC2M 4YR 071-626 3434

Jupiter Merlin Unit Tst Mgrs Ltd (0905)F
197 Knightsbridge, London SW7 1RB 071-581 3020

Kleinwort Benson Unit Trusts (1400)F
10 Fenchurch Street London EC3 071-956 7354

Knight Williams Portfolio Mngrs (1000)F
161 New Bond Street, London W1Y 0LA 071-629 1663

For LAS see Britannia Life Unit Managers

L & C Unit Tst Mngmt Ltd (0905)F
Broadwalk Hse, 5 Appold St, EC2A 2DA 071-588 2800

Laurence Keen Unit Trust Mngmt (1200)F
1 White Hart Yard, SE1 071-407 5966

Laurentian Unit Tst Mngmt Ltd (1200)H
Laurentian Hse, Barnwood, Gloucester GL4 7RZ

Lazard Unit Tst Mngrs Ltd (1200)F
21 Moorfields, London EC2P 2HT 071-374 0916

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Admin: 5 Rayleigh Road, Hutton, Brentwood Essex

Lincoln National (1200)H
1 Olympic Way, Wembley, HA9 0NB

Lloyds Bk Unit Tst Mgrs Ltd (1000)F
PO Box 83, Chatham, Kent ME4 4YB

London & Manchester Tst Mngmt (1000)H
Winslade Park, Exeter EX5 1DS

M & G Securities (0915)H
M & G House, Victoria Road, Chelmsford CM1 1FB

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MGM House, Heene Rd, Worthing

MW Investment Managers Ltd (0600)F
40 Court St, Haddington, E. Lothian

Maldon Unit Trust Managers Ltd (1400)F
c/o Baillie Gifford 1 Rutland Ct EH3 8EY 031-222 4242

Manulife Management Ltd (1000)F
St George's Way, Stevenage

Marks & Spencer Unit Trust Ltd (1200)F
PO Box 410, Chester X, CH99 9DD 0244 680088

Marlborough Fund Managers Ltd (1630)F
87 Victoria Square, Bolton, BL1 1LA

Martin Currie Unit Trusts Ltd (0905)H
Saltire Crt, 20 Castle Terrace, Edinburgh

Mercury Fund Managers Ltd (1000)H
33 King William St, EC4R 9AS

Mercury Fund Managers Ltd - Contd.

* Compound Annual Rate

Metropolitan Unit Trust Mngrs Ltd (1000)F
3 Darkes Lane, Potters Bar EN6 1AJ 0707 662233

Millennium Fund Management Ltd (1000)F
1 Harbour Exchange Square, E14 9GE 071-512 0410

Morgan Grenfell Invest Fds Ltd (1000)H
20 Finsbury Circus, London EC2M 1UT

Murray Johnstone UT Mngmt (1000)H
7 West Nile St, Glasgow G1 2PX 0645 090 933

NFU Mutual Unit Mngrs Ltd (1400)F
Admin: 5 Rayleigh Rd, Hutton, Brentwood, Essex

NM Unit Trust Mngrs (1200)F
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NAP Unit Trust Management Ltd (1200)F
25 Fountain St, Manchester M2 2AF 061-237 5322

National Provident Inv Mgrs Ltd (1400)F
48 Gracechurch St, EC3P 3HH 071-623 4200

National Westminster UT Mngrs (1200)F
5 Rayleigh Rd, Hutton, Brentwood, Essex

Newton Fund Mngrs Ltd (1200)F
71 Queen Victoria St, London EC4V 4DR

Norwich Union Tst Managers (1200)H
PO Box 124, Surrey Street, Norwich

Objective Unit Trust Management Ltd (1000)F
Admin: 5 Rayleigh Rd, Hutton, Brentwood, Essex

PDFM Unit Managers Ltd (1400)F
14 Finsbury Square, London EC2A 1PD 071-628 6070

Pearl Unit Trusts Ltd (1000)F
Pearl Centre, Lynch Wd, Peterborough PE2 6FY

Pembroke Administration Ltd (0800)F
18-19 Stratford St, London WC1H 4PZ 071-430 0555

Perpetual Unit Tst Mngmt (1600)F
48 Hart Street, Henley on Thames 0491 417000

Perpetual Unit Tst Mngmt - Contd.

Pilgrim Unit Trust Mngmt Ltd (0830)F
38 Pilgrim Street, Newcastle upon Tyne NE1 6RQ

Pointon York UT Mngrs (0900)F
The Crescent, King St, Leicester LE1 6RX 0533 530540

Portfolio Fund Management Ltd (0900)F
1 White Hart Yard, London SE1 1NX 071-407 5966

Premium Life Unit Tst Mngrs Ltd (1400)F
37 Perrymount Rd, Haywards Heath 0444 458721

Principal Unit Trust Mngmt Ltd (1600)F
16 South Park, Sevenoaks, TN13 1AN 0732 740700

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Walbrook Hse, 23 Walbrook, EC4N 8LD

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1 Sessions Hse Sq, Maidstone ME14 1XX 0622 674751

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Prudential Unit Trusts Ltd (1200)F
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*Formerly Holborn Trust

Reliance Unit Mgrs. Ltd (1000)H
Reliance House, Tunbridge Wells, Kent 0892 510033

Rock Asset Mgmt (Unit Trust) Ltd (0905)F
Bulman House, Regent Centre, Gosforth 091-285 2566

Rothschild Fund Management (1000)F
St Swithin's Lane, London EC4 071-280 5000

Royal Life Fd Mngmt Ltd (1000)F
PO Box 34, Peterborough PE2 6DE.

Royal London Unit Tst Mgrs Ltd (2200)F
Royal Ldn Hse, Colchester CO1 1RA 0206 764400

St James's Place UT Group Ltd (1200)F
150 St Vincent St, Glasgow G2 5NE 041-307 8600

Sanwa Intl Invest Services Ltd (0830)F
City Place Hse, 55 Basinghall St, EC2V 5DJ 071-330 0572

Save & Prosper Group (0900)H
16-22 Western Rd, Romford RM1 3LB 0708 766966

Schroder Unit Trusts Ltd (1400)F
Senator House, 85 Queen Victoria St, EC4V 4EJ

Scottish Amicable Ut Tst Mgrs Ltd (0730)H
150 St Vincent St, Glasgow G2 5NQ 041 204 2000

Scottish Equitable Fd Mgrs Ltd (1000)H
28 St Andrew Sq, Edinburgh

Scottish Life Investments (1200)F
19 St Andrew Sq, Edinburgh 031-225 2211

Scottish Mutual Inv Mgrs Ltd (1000)H
109 St Vincent St, Glasgow G2 5HN 041-248 6100

Scottish Provident Inv Mgt Ltd (1000)F
6 St Andrew Sq, Edinburgh EH2 2YA 031-556 2948

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PO Box 902, Edinburgh EH16 5BU 031-655 6000

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Admin: 5 Rayleigh Rd, Hutton, Brentwood, Essex

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1 White Hart Yard, London Bridge SE1 071-407 5966

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PO Box 224, Beckenham, BR3 4TF 081-663 3003

Smith & Williamson Unit Tst Mgrs (1700)F
1 Riding House St, London W1A 3AS. 071-637 5377

Sovereign Unit Tst Mngrs Ltd (1200)F
12 Christchurch Rd, Bournemouth 0202 298422

Standard Life Tst Mngmt Ltd (0730)H
3 George St, Edinburgh EH2 2XZ 0800 393777

State Street Unit Trust Mngmt Ltd (1400)F
28 King Street, London SW1 6QW 071-344 7000

Stewart Ivory Unit Tst Mgrs Ltd (1200)F
45 Charlotte Sq, Edinburgh 031-226 3271

Sun Alliance Unit Tst Mngmt Ltd (1200)F
Admin: 5 Rayleigh Rd, Hutton, Brentwood, Essex

Sun Life of Canada Unit Mgrs Ltd (1000)F
Basingview, Basingstoke, Hants 0800 393720

Sun Life Trust Mngmt Ltd (1400)H
101, Cannon St, London EC4N 5AD

Swiss Life Unit Tst Man Co Ltd (1200)F
Admin: 5 Rayleigh Road, Hutton, Brentwood, Essex

* CAR - Net income reinvested

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often well above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♦) - 1101 to 1400 hours; (♣) - 1401 to 1700 hours; (♠) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH Tel: 071-379-0444.

FT MANAGED FUNDS SERVICE

● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

TSB Unit Trusts (1200)F

Charlton Pl, Andover, Hants. SP10 1RE 0264 346794

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
TSB American	6	[illegible]	[illegible]	[illegible]	-1.74	–
[illegible]						

T.U. Fund Managers Limited (1200)H

MLA Tower, Addiscombe Road, Croydon 081-686 4355

Templeton Unit Trust Managers Ltd (1200)F

20 Castle Terrace, Edinburgh EH1 2EH 031-469 4000

Thornton Unit Managers Ltd (1200)F

33 Queen Street, London EC4R 1AX 071-246 3000

Waverley Unit Tst Mngmt Ltd (1000)F

13 Charlotte Sq, Edinburgh 031-225 1551

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
Australasian Gold	6	33.68	33.68	35.82	-1.3	0.5
Pacific Basin	6	44.9	44.9	47.78	+0.11	0.6
[illegible]	6	38.78	38.78	41.25	-0.72	–
Global Bond	4	[illegible]	[illegible]	[illegible]	[illegible]	5.81
Penny Shares	6	31.8	31.8	33.81	-0.16	1.5

Whittingdale Unit Tst Mgmt Ltd (0830)F

2 Honey Lane, London EC2V 8BT 071-600 0452

Woolwich Unit Trust Managers Ltd (1700)H

2 White Oak Square, Swanley BR8 7AG 081-298 4000

	Init Chrge	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
Stockmarket Fd	5	82.53	82.85	87.92	-0.20	1.57

OTHER UK UNIT TRUSTS

Baillie Gifford & Co Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Int'l Expl Jan 31	813.4	840.3	–	0.90

Baring Investment Mngmt Ltd

155 Bishopsgate, London EC2M 3XY

CAF – Charity Money Management

48 Pembury Rd, Tonbridge TN9 2JD 0732 770114

CIM Unit Trust Managers Ltd

James Capel Fund Managers Ltd

Cent. Bd. of Fin. of Church of England‡

2 Fore Street, London EC2Y 5AD 071-588 1815

Charinco/Charishare‡ (1000)F

33 King William Street, EC4R 9AS 071-280 2800

COIF – Charities Official Inv Fd‡

2 Fore Street, London EC2Y 5AD 071-588 1815

Charity Fixed Int Fd/Charity Equity Fd

Edinburgh Fund Magrs PLC

Ely Place Investments Ltd

Fidelity Investment Services Ltd

Fledgeling Charity Portfolio

Robert Fleming Asset Mngmt Ltd

Foreign & Colonial Unit Management Ltd

Funds in Court*

Govett (John) Unit Mngmt Ltd

Guinness Flight Exempt Investment Funds

Henderson Unit Trust Management Ltd

INVESCO Asset Management Ltd

Jupiter Merlin Unit Trust Managers Ltd

Lazard Brothers & Co. Ltd

Lazard Investors Ltd ‡

Local Authorities Mutual Invest. Tst.*

2 Fore Street, London EC2Y 5AQ 071-588 1815

M & G Securities Ltd

Morgan Grenfell Investment Funds Ltd

Morgan Stanley International

Murray Johnstone UT Mngmt

NatWest Investment Management Ltd

PDFM Unit Managers Ltd

Rothschild Asset Management

J. Rothschild Fund Managers Ltd.

Stewart Ivory & Co Ltd

Thornton Unit Managers Ltd

INSURANCES

AXA Equity & Law Life Assce

Amersham Road, High Wycombe 0494 463463

Abbey Life Assurance Co Ltd

80 Holdenhurst Road, Bournemouth 0202 292373

Abbey National Life Plc

237 St Vincent Street, Glasgow 041 305 8000

Acuma Life Assurance Ltd

The Glanty, Egham, Surrey TW2 9AT 0784 475333

AEGON Life Assurance Co (UK) Ltd

Albany Life Assurance Co Ltd

3 Darkes Lane, Potters Bar EN6 1AJ 0707 660000

Allied Dunbar Assurance Plc

Allied Dunbar Ctr, Swindon SN1 1EL 0793 514514

American Life Insurance Co UK

Barclays Life Assur. Co Ltd

252 Romford Road, London E7 081-534 5544

Black Horse Life Assurance

Britannia Life Assurance

50 Bothwell Street, Glasgow G2 6HR 041-248 2000

Britannia Life Ltd

50 Bothwell Street, Glasgow G2 6HR 041-248 2000

Canada Life Group

High St, Potters Bar, Herts, EN6 5BA 0707 651122

Century Life Plc

5 Old Bailey, London EC4M 7BA 071-332 5000

City of Westminster Assurance (z)

Clerical Medical/Fidelity Investments

Clerical Medical Investment Group

Colonial Mutual Group

Combined Life Assurance Co

Commercial Union Group

Consolidated Life Assurance Co Ltd

Crown Financial Management Ltd

Hearts of Oak Insurance Group

Crown Financial Management Ltd - Contd.

Eagle Star Life Assurance Co Ltd

Eagle Star Insur./Midland Assur.

Equitable Life Assurance Society

Eurolife Assurance Company Ltd

Family Assurance Friendly Society Ltd

Friends Provident

GT Unit Managers Ltd

General Accident

General Portfolio Life Insce Plc

Assicurazioni GENERALI SpA

Growth & Sec. Life Assce. Soc. Ltd

Guardian Royal Exchange

Hearts of Oak Insurance Group - Contd.

Henderson Administration(z)

Hill Samuel Life Assur. Ltd

Homeowners Friendly Society Limited

Ideal Benefit Society

Irish Life Assurance Co Plc

Lancashire & Yorkshire Assce Society

Laurentian Life plc

Legal & General

Life Association of Scotland

Lifetime Assurance Co Ltd

Lincoln National

London Life

London & Manchester Assurance (z)

M & G Life and M & G Pensions

MGM Assurance (z)

Manchester Unity Assurance

Manulife Group

Merchant Investors Assurance Co Ltd

Mercury Life Assurance Co Ltd

Midland Life Limited

NM Life Assurance Ltd

N & P Life Assurance Ltd

NPI

National Mutual Life

National Westminster Life Assce Ltd

Norwich Union Life Insurance Soc.

Norwich Union Pensions Management Ltd

Pearl Assurance (Unit Funds) Ltd

Premium Life Assurance Co Ltd

Professional Life Assurance Co Ltd (z)

Property Life Assurance Ltd

Providence Capitol Life Assc. Co Ltd

Providence Capitol Life Assc. Co Ltd - Contd.

Provident Life Assoc Ltd

Provident Mutual Life Assc. Assn.

Prudential Assurance Co

Prudential Corporate Pension Funds

Prudential Individual Life Funds

Prudential Individual Pension Funds

Reliance Mutual

J Rothschild Assurance PLC

Royal Heritage Life Assurance Ltd

Royal Life Insurance Ltd

[illegible]

FT MANAGED FUNDS SERVICE

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Royal Liver Assurance
Royal Liver Building, Liverpool, L3 1HT. 051-236 1451

S-E-Banken Life Assurance Co Ltd
140-151 High Rd, Chadwell Hth Rmfd. 081-597 7566

Save & Prosper Group (z)
16-22 Western Rd, Romford RM1 3LB 0708-766966

Scottish Amicable
150 St Vincent St, Glasgow 041-248 2323
Life Funds (First Series)
Life Funds (Second Series)
Pension Funds

Scottish Equitable plc
28 St Andrew Sq, Edinburgh 031-556 9101

Scottish Life Investments
19 St Andrew Square, Edinburgh 031-225 2211

Scottish Mutual Assurance plc
109 St Vincent St, Glasgow 041-248 6321

Scottish Provident Group
6 St Andrew Sq, Edinburgh 031-556 2692
Scottish Provident Institution Funds
Scottish Provident Assurance Ltd Funds

Scottish Widows' Group
PO Box 902, Edinburgh EH16 5BU 031-655 6000

Skandia Life Assurance Co Ltd (z)
Skandia Hse, Portland Terr, Southampton 0703 334411

Skandia Life Assurance Co Ltd - Contd.

Standard Life Assurance Company
3 George St, Edinburgh EH2 2XZ 031-225 2552

Sun Alliance Group
St Mark's Court Horsham 0403 232323

Sun Life Unit Assurance Ltd
St James Barton, Bristol BS99 7SL 0272 426911

Swiss Life (UK) PLC
101 London Rd, Sevenoaks 0732 450161

TSB Life Ltd
Charlton Pl, Andover, Hants. SP10 1RE 0264 345678

Target Life Assurance Co Ltd
The Exchange, 66 High St, Aylesbury, Bucks HP20 1SE (0296) 394000

Teachers' Assurance Company Ltd
12 Christchurch Rd, B'mouth BH1 3LW 0202 291111

Templeton Life Assurance Limited
60 Union Street, Oldham OL1 1DT 061-624 7299

Tunbridge Wells Equitable
Abbey Court, Tunbridge Wells 0892 515353

Wesleyan Assurance Society
Colmore Circus, Birmingham, B4 6AR 021-200 3003

Windsor Life Assur Co Ltd
Windsor House, Telford, Shropshire 0952 292929

Woolwich Life Assurance Co Ltd
1-3 Queensway, Redhill, Surrey RH1 1NH 0737 778800

Zurich Life Assurance Co Ltd
11 Guildhall Walk, Portsmouth PO1 2LR 0705 822200

OFFSHORE INSURANCES

AXA Equity & Law Intl Life Assce Co
Victory Hse, Prospect Hill, Douglas, IoM 0624 677877

Albany International Assurance Ltd
St Mary's, Castletown, Isle of Man 0624 823262

Allied Dunbar International Assurance Ltd (z)
Lord Street, Douglas, IoM 0624 661551

CMI Insurance Co Ltd
Clerical Medical Hse, Douglas I.O.M. 0624 625599

Century Life International Ltd

Eagle Star Intl Life
Eagle Star Hse, Athol St, Douglas, IoM 0624 662266

Equitable Life (International)
Albert Hs, Sth Espl'de, St Peter Pt, Gsy 0481 716021

Eurolife Assurance Group
Eurolife Hse, 16 St John St., EC1M 4AY 071-454 1151

Fineco International Ltd
PO Box 153, St Peter Port, Guernsey 0481 713100

Hansard International Ltd.
PO 192, Bank Hill, Nth Quay, Douglas IoM 0624 672111

Isle of Man Assurance Ltd
IOMA House, Prospect Hill, Douglas, IoM 0624 624141

Labrow International Group

ParEuroLife societe anonyme
35 Av Marie-Therese, Luxembourg 010 352 456730

Professional Investment Consultants

Providence Capital International Ltd
PO Box 121, St. Peter Port Guernsey 0481 726726

Royal Life Intl. Ltd
Royal Court, Arbory Rd, Castletown IoM 0624 821212

Royal Skandia Life Assurance Ltd (z)
Skandia Hse, Finch Rd, Douglas, IoM 0624 611611

Scottish Provident Intl Life Ass Ltd
Lord Street, Douglas, Isle of Man IM1 4LN 0624 677446

Sun Alliance International Life
PO Box 77, Les Echelons Ct, St Peter Port, Gsy 0481 714108

Sun Life International (IOM) Ltd
Bridge House, Castletown, Isle of Man

Target International Group
7 rue Emile Bian, Luxembourg

MANAGEMENT SERVICES

Capital Trust Financial Management
8-10 Bank St, Coleraine Co. Londonderry

Chase de Vere PLC
63 Lincoln's Inn Fields, London WC2A 3JX 071-404 5766

DBS Financial Management plc
Independence Hse, Holly Bk Rd, Huddersfield 0484 422224

Fairmount Financial Services Ltd
Castle House, Tunbridge Wells TN1 1BX 0892 510651

Foster & Braithwaite Ltd
3 London Wall Bldgs, London EC2M 5RB 071 588 6111

Hornbuckle Financial Services (Pty) Ltd

IFS Capital Management PLC
18-21 Queen Sq, Bristol BS1 4NH 0272 229977

Johnson Fry Asset Managers Plc
20 Regent Street, London, SW1Y 4PZ 071-839 5688

Knight Williams & Company Ltd
161 New Bond Street, London W1Y 0LA 071-408 1138

Macartney & Dowle Invest Mngt Plc
49 Castle Green Rd, Brentwood, Essex 0277 374036

Marsh Financial Management PLC
4-14 Mount Stn, Tunbridge Wells 0892 515515

Roxborough Financial Management Ltd
6 Broad St Pl, Blomfield St, EC2M 7JH 071-628 9222

Charles Stanley & Co Ltd
25 Luke Street, London EC2A 4AR 071-739 8200

United Financial Corporation Ltd
Saxon House, Heritage Gate, Derby 0332 383300

J. D. Ward Financial Services Ltd
9 Kingsway, London, WC2 6XF. 071-836 4321

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

Fidelity Money Funds
Pembroke Hall, Pembroke, Bermuda

Jupiter Tyndall (Bermuda) Ltd
PO Box HM1234, Hamilton, Bermuda 0101 809 292 2760

Newport Investment Management
73 Front street, Hamilton, Bermuda

Orion Fund Limited
6 Front St., Hamilton, HM11, Bermuda 809 292 6370

CANADA (SIB RECOGNISED)

For CIBC Asset Management see OTHER OFFSHORE FUNDS

GUERNSEY (SIB RECOGNISED)

AIB Grofund Inv Managers (Guernsey) Ltd
PO Box 255, St Peter Port, Guernsey CI 0481 710851

Adams & Neville Fd Mangt (Guernsey) Ltd
PO Box 255 St Peter Port Guernsey CI 0481 710851

Butterfield Fund Mngrs (Guernsey) Ltd
PO Box 211, St Peter Port, Guernsey 0481 720321

Equitable International Fund Managers Ltd
PO Box 253, St Peter Port Guernsey CI 0481 710857

Guinness Flight Fd Mngrs (Guernsey) Ltd
PO Box 250, St Peter Port, Guernsey 0481 710851

Hambros Fd Mngrs (CI) Ltd
PO Box 255, Guernsey 0481 715454

Kleinwort Benson Intl Fd Mngrs Ltd
PO Box 44, Guernsey, CI 0481 727111

Lazard Fund Mngrs (Channel Islands) Ltd
PO Box 275, St. Peter Port, Guernsey, C.I. 0481 710461

Lloyds Intl Money Market Fund Ltd
Sarnia Hse, Le Truchot, St Peter Port 0481 724983

M & G (Guernsey) Ltd
Westbourne, The Grange, St Peter Port 0481 723961

Prudential Fund Managers (Guernsey) Ltd
Po Box 81, St Peter Port Guernsey 0481 726265

Rothschild Asset Management (CI) Ltd
PO Box 242, St Peter Port, Guernsey 0481 713713

Rothschild Asset Management - Contd.

Royal Bank of Canada Offshore Fd Mngrs Ltd
PO Box 246, St Peter Port, Guernsey 0481 723021

Sarasin Funds Mangmt (Guernsey) Ltd
PO Box 348, St Peter Port, Guernsey 0481 723021

Schroder Investment Mangmt (Guernsey) Ltd
PO Box 334, St Peter Port, Guernsey 0481 710651

GUERNSEY (REGULATED)(**)

ANZ Mngmt Co (Guernsey) Ltd
Arab Bank Fund Managers (Guernsey) Ltd
Bachmann Global Investment Fund Ltd
Baltwest Management (Guernsey) Ltd
CIBC Fund Managers (Guernsey) Ltd
Dextrust Management (Guernsey) Ltd
Guernsey Capital Management Limited
Hambros Fund Managers (CI) Ltd
Hauteville Fund Managers (Guernsey) Ltd
Henderson Admin. (Guernsey)
Investment Portfolio Svs (CI) Ltd
Kleinwort Benson Intl Fd Mngrs Ltd
Lazard Fund Managers (CI) Ltd
Lloyds Bank Fund Managers (Guernsey) Ltd
Merrill Lynch Guernsey
Nikko Capital Mngt (Europe) Ltd
Quilter International Management Ltd
Rothschild Asset Mangmt (CI) Ltd
Saudi International (Guernsey) Ltd
Schroder Investment Mangmt (Guernsey) Ltd
UBK Asset Management (Guernsey) Ltd
U.S. Advisers (Guernsey) Limited
U.S. Treasury Securities Fund Ltd
Wells Fargo Nikko Inv Adv Gsy Ltd
Yamaichi Capital Management (Guernsey) Ltd

IRELAND (SIB RECOGNISED)

BT Fund Managers (Ireland) Ltd
80 Harcourt Street, Dublin 2 010 3531 7982400

Baring International Fd Managers (Ireland) Ltd
IFSC Hse, Custom Hse Docks Dublin

Coutts & Co Fund Managers Limited
18 Dawson Street, Dublin 2, Ireland 010 3531 6623474

Dresdner Intl Management Services Ltd
La Touche House, IFSC, Dublin 1 010 3531 6701444

Federated International Funds Plc
18 Dawson Street, Dublin 2 010 3531 6613444

GAM Fund Management Ltd (z)

GT Asset Management (Ireland) Ltd
(44) 71 710 4567 London

GT Asset Management - Contd.

Morgan Grenfell Investment Funds Ltd (u)
20 Finsbury Circus, London EC2M 1UT

Prolific International Fund Plc
58 Fitzwilliam Square, Dublin 2

Scottish Value Management (Ireland) Ltd (u)
12 Lower Leeson Street, Dublin 2

Singer & Friedlander Inv Funds Ltd (u)
21 New Street, Bishopsgate, EC2M 4HR

Swiss Life Investment Fund - Probitas (u)
1 Harbourmaster Place, Dublin 1

IRELAND (REGULATED)(**)

AIG Fund Management Ltd
BT Fund Managers (Ireland) Ltd (u)
Bank of Ireland Unit Managers Ltd
Baring International Fd Mngrs (Ireland) Ltd
Baring Mutual Fund Mngrs (Ireland) Ltd
Chemical Fund Administrators Ltd
Citizens Investment Trust Mngt Company
GT Asset Management (Ireland) Ltd
Galacorp Ireland Limited

For Generale Portfolio Mngrs see AIG Fund Management

Hambros Fund Managers (Ireland) Ltd
Kleinwort Benson Capital Mngt (Ireland) Ltd
Morgan Grenfell Fixed Income Funds Plc
Morgan Grenfell Fund Mngrs (Ireland) Ltd
Morgan Grenfell Profunds Plc
Old Mutual International Fd Mngrs Ltd (u)
Old Mutual International Ltd
Paine Webber Offshore Funds Plc (u)
J. Rothschild International Assce plc
Sanwa International (Ireland) Plc
Ulster Bank Investment Services
Yellow Sea Investment Company PLC

ISLE OF MAN (SIB RECOGNISED)

AXA Equity & Law Intl Fund Mngrs
Victory Hse, Prospect Hill, Douglas IoM 0624 677877

Allied Dunbar Intl Fund Mngrs (1600)F
Lord Street, Douglas, IoM 0624 661551

Asset Global Funds Ltd (1200)
Victory Hse, Prospect Hill, Douglas, IoM

CMI Fund Managers (IoM)
Clerical Medical Hse, Douglas, IoM

CMI Fund Managers - Contd.

John Govett Management (IOM) Ltd
19/21 Circular Road, Douglas, Isle of Man

Leopold Joseph Fund Mngrs (IoM) Ltd
PO Box 32 Athol St Douglas IoM

Mercury Fund Managers IoM Ltd
12-13 Hill Street, Douglas IoM

Sun Life Management (IoM) Ltd
PO Box 22, Castletown, IoM

Unibank Scandinavian Fund Ltd
19-21, Circular Rd, Douglas, IoM

ISLE OF MAN (REGULATED)(**)

ATC Fund Management Ltd
AXA Equity & Law Intl Fund Mgs
Appleton Financial Advisors Ltd
City Financial Admin (IoM) Ltd
Duncan Lawrie Inv. Mgt. Ltd
John Govett Management (IoM) Ltd
IBI Managers (IoM) Ltd
R & H Fund Managers Ltd

JERSEY (SIB RECOGNISED)

AIB Fund Managers (CI) Ltd
PO Box 468 St Helier Jersey 0534 36633

Barclays International Funds
PO Box 152, St Helier, Jersey CI 0534 67866

Capital House Fund Mgrs (CI) Ltd (0900)H
PO Box 189, St Helier, Jersey 0534 74686

Coutts & Co (Jersey) Fund Managers Ltd
23/25 Broad Street, St Helier, Jersey CI 0534 282345

Gartmore Fund Mngrs Intl Ltd
PO Box 278, 48 La Motte St., Jersey 0534 27595

John Govett (Channel Islands) Ltd (1600)F
6 Mission Place, Helier, Jersey 0534 38576

Hill Samuel Fund Mgrs (Jsy) Ltd (1600)F
PO Box 63, Bond Street, St. Helier, Jersey 0534 604614

Lloyds Bank (CI) U/T Mgrs.
PO Box 195, St Helier, Jersey 0534 284342

Midland Bank Fund Managers (Jersey) Ltd
PO Box 26, St Helier, Jersey 0534 606080

Prudential Fund Managers (Jersey) Ltd
PO Box 103, St Helier, Jersey 0534 78099

For Royal Trust see Royal Bank of Canada

Royal Bank of Canada (Jsy) Fd Mgt Ltd (1400)F
PO Box 194, St Helier, Jersey

Standard Bank Fund Mngt (Jersey) Ltd
PO Box 583, St Helier, Jersey CI 0534 67557

TSB Trust Funds (CI)
PO Box 526, St Helier, Jersey 0534 603082

JERSEY (REGULATED)(**)

Barclays Intl Funds
Cater Allen Investment Management (CI)
Citibank (CI) Ltd "Citifunds"
Citibank N.A.
Coutts & Co (Jersey) Fund Managers Ltd

FT MANAGED FUNDS SERVICE

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EBC Fund Managers (Jersey) Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Income	£14.39	14.842		1.25
Capital	£22.87	23.370	-0.011	
Eurobd Long Term-US$	£32.60	34.0826	-0.0297	4.95
Eurobd Long Term-DM	DM15.48	16.2566	-0.0517	7.53

Fleming Group

	Bid Price	Offer Price	+ or -	Yield Gross
Cash & Stock NAV Jan 31	$12.15			
Deutschland NAV Jan 31	DM17.05			

Foreign & Colonial Mngmt (Jersey) Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
US$ Cash	£11.208		+0.006	
Sterling Cash	£12.276		+0.007	
US$ Bonds	£17.026		+0.017	
Multicurrency Bonds	£22.764		+0.189	
Sterling Bonds	£17.802		+0.024	
D Mark Bonds	DM12.922		+0.044	
European Bonds	Ecu14.873		+0.005	
UK Equities	£13.972		-0.143	
US Equities	£18.771		+0.045	
Japanese Equities	Y654.6		-12.8	
Cont'l Euro Equities	DM20.988		-0.173	
Greece Fund Ltd NAV Feb 10	$23.42			

John Govett Management (Jersey) Ltd

INVESCO International Limited

	Bid Price	Offer Price	+ or -	Yield Gross
American Equity Inc	£1.9880	2.1120	-0.0150	2.85
Japan Inc & Grth	£2.1140	2.2690	+0.0050	1.52
Premier Markets	£6.8280	7.1280	-0.0290	
2 Mary Portfolio	£2.1670	2.3430	-0.0220	1.19
Apollo Fd Feb 8	SFr121.58	130.38		

Jupiter Tyndall (Jersey) Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Gilt Fd	129.5	136.1	-0.1	7.35
(Accum Shares)	848.6	891.1	-0.9	7.35
Managed Currency Stg	125	133		
International	511	536	-2	0.22

Lloyds Bank Trust Co (CI) Mngrs

	Bid Price	Offer Price	+ or -	Yield Gross
Lloydstrust World Inv Port	£3.302	3.512		0.68

Lombard Odier (Jersey) Ltd

Management International (Jersey) Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Anchor Gilt Edge	£11.11	11.18	+0.4	7.17

Minerals, Oils Res. Shrs. Fd. Inc.

	Bid Price	Offer Price	+ or -	Yield Gross
Mores Feb 10	£17.69	18.86		2.21

Northgate Unit Tst. Mngr. (Jersey) Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Pacific Fund Feb 10	$57.58	61.21		

Perpetual UT Mngrs (Jersey) Ltd

The Portugal Fund Limited

	Bid Price	Offer Price	+ or -	Yield Gross
NAV Feb 11	$9.58			

Royal Bank of Canada Intl Fd Mgt Ltd

Royal Bk of Scotland Fd Mngrs (Jersey) Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Ivory Growth Fund	£20.58	20.78		1.57
Lowes Defensive Ptflo	£13.38	14.12	-0.10	

For Royal Trust see Royal Bank of Canada

Schroder Mngt Services (Jersey) Ltd

Scrimgeour Kemp-Gee Mngmt, Jersey

TSB Trust Funds (CI)

	Bid Price	Offer Price	+ or -	Yield Gross
TSB Jsy Equity Fd	58.4	61.4		1.57
TSB Gilt Fnd (Jsy) Ltd	113.47	117.24	+0.14	6.62

For Tyndall International see Jupiter Tyndall

Warburg Asset Management Jersey Ltd

Worldinvest (Managers) Jersey Ltd

LUXEMBOURG (SIB RECOGNISED)

Abtrust Fund Mngrs Luxembourg SA (u)

American Phoenix Investment Portfolios (u)

BAII Intermarket Fund

	Bid Price	Offer Price	+ or -	Yield Gross
NAV Jan 31	$	698.26		

Bank Von Ernst & Cie AG

Banque Scandinave a Luxembourg SA

Barclays Diversified Portfolio

Barclays Inv Funds (Luxembourg)

CMI Asset Management (Luxembourg) SA

Comgest SA

Commercial Union Luxembourg SA (u)

Cresvale Group (u)

DB Investment Management SA

Den norske Bank

Dixa Income Fund

Dolphin Intl Investments (u) SICAV

Dresdnerbank Asset Mngmt SA (u)

E.T. Investment Management Ltd

Eagle Star – Global Assets Fund (u)

EquiFund–Wright National Eqty Fd (u) (x)

Fidelity Funds (u)

Fleming Group (u)

Foreign & Colonial Emerging Markets Ltd (u)

Frontrunner I (u)

Gartmore Luxembourg SA (u)

Henderson Management SA (u)

Hypo Foreign & Colonial Port Fd Sicav(u)

INVESCO International Limited (u)

Jupiter Tyndall Global Fund

Kleinwort Benson Japanese Warrant Fund

Kleinwort Benson Select Fund (u)

For Latin American Securities see Foreign & Colonial

Liberty ALL-STAR World Ptfolio-Eqty Fd(u)

Lloyds Bank Luxembourg

Midland Internatnl Circuit Fund SICAV(u)

Nomura Global Fund (u)

PRICOA Worldwide Inv Portfolio Sicav (u)

Regent Global Fund (u) (z)

Sarasin Investment SICAV (u)

Schroder International Selection Fd (u)

Scottish Equitable Intl Fund SICAV (u)

Sun Life Global Management Ltd (u)

Templeton Global Strategic SICAV (u)

Thornton Investment Management Ltd

S.G. Warburg Asset Mngmt Lux SA (u)

Wardley Investment Services (Lux) SA (u)

Credit Suisse – Contd.

Daiwa Japan Gem Fund

Daiwa Japan Small Equity Fd (u)

Dean Witter World Wide Invest. Tst SA

The Dragon Fund Sicav

	Bid Price	Offer Price	+ or -	Yield Gross
NAV Feb 1	$184.35			

Elgistan Global SICAV (u)

Espirito Santo Investment Mgmnt (SICAV)

Eurecu Management S.A.

Europe Value Fund (u)

EurOpInc (u)

Fidelity Intl Inv Mngt (Luxembourg) SA

Fidelity Investment (CI) Ltd

The First Korea Smaller Companies Fund

	Bid Price	Offer Price	+ or -	Yield Gross
NAV Jan 31	$13.32		+0.41	

Fleming Group

Foreign & Colonial Emerging Markets Ltd

Genax Funds

Gartmore Luxembourg S.A.

Global Funds Management S.A. (u)

H.C.M. HYPO Capital Mgt Luxembourg SA

International Bond Trust

	Bid Price	Offer Price	+ or -	Yield Gross
CCIC A NAV	$12.21			

International Speciality Fund (u)

INVESCO International Limited

InterSud Investment Fund SICAV

	Bid Price	Offer Price	+ or -	Yield Gross
NAV Feb 7	$1590.91			

Investissements Atlantiques SA

	Bid Price	Offer Price	+ or -	Yield Gross
NAV Jan 31	$37.20	37.49		0.3

Israel Selection Fund

	Bid Price	Offer Price	+ or -	Yield Gross
NAV	$101.00			

For Latin American Securities see Foreign & Colonial

Lloyds Bank Luxembourg (u)

MFS International Funds

Mediterranean Fund (SICAV) (u)

	Bid Price	Offer Price	+ or -	Yield Gross
NAV Feb 8	Ecu13.58			

Merrill Lynch Asset Management

LUXEMBOURG (REGULATED)(**)

Aetna International Umbrella Fund (u)

Alliance Capital

For American Phoenix see Luxembourg (SIB Recognised)

Asian Development Equity Fund

	Bid Price	Offer Price	+ or -	Yield Gross
Portfolio A Feb 11	$35.87			
Portfolio B Feb 11	$24.36			

Atlantas Sicav

BAII Intermarket Fund

BAII (Interportfolio)

Banque Ferrier Lullin (Lux) SA

Banque Indosuez Luxembourg

Banque Paribas Luxembourg

CB Fund International (u)

CSFB Umbrella

Capel-Cure Myers Intnl Fd Sicav (u)

Citicorp Investment Mgmt (Luxembourg) SA

Clemente Korea Emerging Growth Fund

	Bid Price	Offer Price	+ or -	Yield Gross
NAV Jan 31	$12.15		-0.33	

Credit Commercial de France

Credit Lyonnais Rouse (Bermuda) Ltd

Credit Suisse

Morgan Stanley Sicav

Murray Universal, Sicav

NM Income & Grth Fd

	Bid Price	Offer Price	+ or -	Yield Gross
NAV	$22.22			

NICAM Asia Pacific Umbrella Fund

Nikko Bank (Luxembourg) S.A.

Nomura Asian Infrastructure Fd SICAV

	Bid Price	Offer Price	+ or -	Yield Gross
NAV	$23.25			

Nomura Rosenberg Alpha Fund Mark II

Norit Currency Fund

Pacific Basin Growth Fund

Rosenberg Global Mngt Co SA (u)

Rosenberg Management SA (u)

Rosenberg US Japan Mngmt Co SA (u)

Edmond de Rothschild Group

	Bid Price	Offer Price	+ or -	Yield Gross
Asian Capital Holdings	$66.14			

Edmond de Rothschild Group – Contd.

SCI/TECH SA

	Bid Price	Offer Price	+ or -	Yield Gross
SCI/Tech NAV	$16.39			

Scudder, Stevens & Clark

Target International Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Intl Growth Fd	$24.20			

Templeton Emerging Asia

	Bid Price	Offer Price	+ or -	Yield Gross
NAV Feb 8	$12.70			

Templeton Worldwide Investments

Transworld Bond Trust

	Bid Price	Offer Price	+ or -	Yield Gross
NAV	$11.08			

US Pacific Stock Fund (u)

	Bid Price	Offer Price	+ or -	Yield Gross
NAV	$21.88			

For Unibank SA Fondsmæssig Lux Fredsbanken

Unico Financial Services SA Lux

Wardley NAPT (Luxembourg) SA

	Bid Price	Offer Price	+ or -	Yield Gross
Nikko Asia Pacific Inc NAV	$18.05			0.39

"WINTERTHUR" Fund Mngmt Co (Lux) SA

World Bond Fund–SICAV (z)

	Bid Price	Offer Price	+ or -	Yield Gross
World Bond Fund	$29.92	31.42		0.64

World Trust Fund

	Bid Price	Offer Price	+ or -	Yield Gross
Shares NAV	$15.44			

Yamaichi Advanced Technology Fund

	Bid Price	Offer Price	+ or -	Yield Gross
Advanced Tech	$22.92			

Yamaichi 1992 OMNI Fund SICAV (u)

	Bid Price	Offer Price	+ or -	Yield Gross
NAV	$11.10	11.16		

SWITZERLAND (SIB RECOGNISED)

B.I.A. Bond Invs AG, In voluntary liquidation

An amalgamation offer has been issued to holders

OTHER OFFSHORE FUNDS

ATSP Management Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
NAV Nov 30	$30.64			

Abtrust Fund Mngrs (Guernsey) Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
NAV US$ (distbn) Feb 9	$12.88			
NAV US$ (acctn) Feb 9	$13.22			

Adig Investment

Aetna Malaysian Growth Fd (Cayman) Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
NAV Feb 7	$14.7901			

Alliance Capital

Allied Dunbar International Fund Mngrs (1600)F

Alpha Fund Management Ltd

Asiainvest Consultants Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
South East Asia (s)	$18.64	19.742	+0.38	

Asian Convertibles & Income Fd (Cayman)

	Bid Price	Offer Price	+ or -	Yield Gross
NAV Feb 10	$16.70			

BEA Associates

BZW Investment Management (HK) Ltd

Julius Baer Bank & Trust Co Ltd

Bank Von Ernst & Cie AG

Banque de Gestion Privee, Paris

Bque Fr Serv & Cr/Europ Inv Mgt Ltd

Barclay Eurofutures Fund Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
NAV	Ecu934.23			

Baring International Group

The Batavia Fund Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
NAV Feb 11	$16.51		-0.27	

Bear, Stearns International Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Emerging Mkts Fixed Inc Feb 8	$10.08	10.39		

Bermuda Capital Company Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
NAV Jan 26	$39.85			

Bermuda Intl Invmnt Mgmnt Ltd

Bordier Funds Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Korean Fd NAV Feb 11	$70.75			

The Brazilian Inv Fund

	Bid Price	Offer Price	+ or -	Yield Gross
NAV	$46.85			

Bridge Management Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Nippon Fd	$93.95	98.15		

Buchanan Fund Ltd

Butterfield Management Co Ltd

CA Securities Investment Fund Mngt Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Hang Govt Debt Jan 21	HUF11224			

CDC International

Comco Investment Management Ltd

Capital International

	Bid Price	Offer Price	+ or -	Yield Gross
Capital Int. Fund	$137.49			

Cathay Clemente (Holdings) Limited

	Bid Price	Offer Price	+ or -	Yield Gross
NAV Dec 31	HK$97.87			

Chamelaine Funds Limited

	Bid Price	Offer Price	+ or -	Yield Gross
UK Equity Fund	£141.74	143.37		

The China Fund

	Bid Price	Offer Price	+ or -	Yield Gross
NAV Feb 2	$12.95			

China Investment Company

	Bid Price	Offer Price	+ or -	Yield Gross
NAV Jan 31	$9.3655			

The China Invest & Development Fd Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
NAV Feb 1	$10.26			

Citizens Investment Trust Mgt Co Ltd

Columbus Asset Management Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
New Millennium Fund Inc.	$12.0782			

Connaught Investments Ltd (Hong Kong)

Craig Drill Capital Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
NAV Jul 31	$128.80			

Credit Lyonnais Intl Asset Mgmt (HK) Ltd

Credit Lyonnais Rouse (Bermuda) Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Sysemtrend Ltd	$20.760			

Credit Suisse

Cregem International Bank

Cresvale (Guernsey) Ltd

Crystal Corporation N.V.

	Bid Price	Offer Price	+ or -	Yield Gross
Shs Class A/B Feb 4	$93.73	98.58		

For Custom House see Comco Inv Mgt

DWS Deutsche Ges. F. Wertpapiersp

Daehan Investment Trust Co Ltd

Daiwa APT Japan Fund

Daiwa Intl Capital Management (H.K.) Ltd

Daiwa International Capital Mngt (Sgp) Ltd

Daiwa Japanese Equity Warrant Fund

Delta Lloyd Bank Fund Management

	Bid Price	Offer Price	+ or -	Yield Gross
Jade Fonds	DM242.00		-2.20	0.09

Deutscher Investment–Trust

Dublin & Swiss Asset Management

EGS Overseas Fund Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
NAV Feb 10	$1872.00	1877.80		

Eagle G–7 Mexico Fund Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
NAV Dec 30	$1.05			

East Asia Hamon Asset Mngt Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Selected Asian P'fdio	$31.64	31.85		

Emerging Markets Management

Enhanced Treasury Returns Corporation

	Bid Price	Offer Price	+ or -	Yield Gross
NAV	$1 12300			

The Environmental Investment Co Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
NAV Feb 8	$11.21			

Ermitage Group

Europe 1992

	Bid Price	Offer Price	+ or -	Yield Gross
NAV	$11.71			

S.G. Europe Obligations SA

	Bid Price	Offer Price	+ or -	Yield Gross
Europe-Obligations	$106.65			

FFM / Swiss Financial Services

	Bid Price	Offer Price	+ or -	Yield Gross
Multiple Advisory Ltd	$1702.00			

FX Concepts (Bermuda) Ltd

Fairbanks Global Capital Fund Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
NAV Jul 30	$51209.65			

Falcon Fund International Inc

	Bid Price	Offer Price	+ or -	Yield Gross
Falcon Fd NAV Jan 31	$157.7077			

Ferrell Management Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Fund Global Trading Ltd Feb 4	$9.32			

Fidelity Investments

Firebird Capital Management

	Bid Price	Offer Price	+ or -	Yield Gross
Overseas Ltd NAV Dec 31	$156.87			

First Investments Ltd

First Mexico Income Fund

	Bid Price	Offer Price	+ or -	Yield Gross
First Mexico Inc Feb 9	$23.92			

Five Arrows Chile Fund Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
NAV Feb 1	$36.21			

Formosa Fund

NAV Feb 14 NT$2328.05 OR US$88.16

Formosa Growth Fund Limited

	Bid Price	Offer Price	+ or -	Yield Gross
NAV Feb 14	$13.93			

Frankfurt Trust Investment–GmbH

GBC Asset Management

Gill Fund Management (Bermuda) Ltd

GT Chile Growth Fund Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
NAV Feb 8	$42.76		+1.20	

GT Management Plc

Gaia Currency Funds

Garantia Debt Fund

	Bid Price	Offer Price	+ or -	Yield Gross
Share Value Jan 3	$1.376375			21.51

Garzarelli Sector Analysis Portfolio NV

	Bid Price	Offer Price	+ or -	Yield Gross
NAV	$14.34			

Genesis Fund Managers Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Chile Fd NAV Jan 31	$	45.08	+5.84	
Emerging Mkts Jan 31	$	34.22	+1.81	
Malaysia Maju Jan 31	$	22.58	-1.32	
Condor Fd Jan 31	$	25.97	+1.87	

Gertrust SA

	Bid Price	Offer Price	+ or -	Yield Gross
Somerset Portfolio	SFr330.10	330.10		

Global Asset Management

Global Atlc Inc

	Bid Price	Offer Price	+ or -	Yield Gross
NAV Feb 9	$1501.37			

Global Government Plus Fund

c/o Prudential–Bache Secs (UK) Inc

NAV Jan 21 US$8.10 $10.62

Goldman Sachs

Green Way Guaranteed Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
NAV Nov 30	Ecu1314.77			

Greystone Portfolio Ltd

Group One Limited

Group One International Tst

Hasenbichler Asset Management GmbH

Haussmann Hldgs NV Curacao

	Bid Price	Offer Price	+ or -	Yield Gross
Haussmann Jan 31	$731.58	744.31		

Hull Capital Corps

	Bid Price	Offer Price	+ or -	Yield Gross
Hull Overseas	$124.00			

The India Magnum Fund NV

	Bid Price	Offer Price	+ or -	Yield Gross
NAV Feb 4	$39.16		-0.39	

Indian Opportunities Fund Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
NAV Feb 9	$15.00			

Indosuez Asset Management Asia Ltd

International Fund Administration Ltd

The Jaguar Fund N.V.

	Bid Price	Offer Price	+ or -	Yield Gross
NAV Feb 10	$603.56			

Jardine Fleming Inv Mngt Ltd

Jardine Fleming Unit Trusts Ltd

Johnson Fry Securities Ltd

Jupiter Tyndall (Bermuda) Ltd

Kestrel

KI Asia Pacific Fund Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
KI Asia Pacific	$12.05	12.15	+0.04	

Korea International Fund Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
NAV Dec 31	$106.65			

Korea Intl Investment Fund

	Bid Price	Offer Price	+ or -	Yield Gross
NAV Jan 31	$184.13			

Korea Investment Trust Co Ltd

Lehman Brothers Oporto Growth Fund

	Bid Price	Offer Price	+ or -	Yield Gross
NAV Jan 31	$9.89			

Lippo Asia Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Java Fd (Cayman) Ltd NAV	$11.36		+0.13	

Lloyd George Management

London Portfolio Services Group

MFS Meridian Funds

Malaysia Capital Fund Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
NAV Feb 4	$18.79			
Repurchase Jan 28	$15.53			

Malaysia Fund (Labuan)

	Bid Price	Offer Price	+ or -	Yield Gross
NAV Feb 11	$17.42			

Malaysia Growth Fund

	Bid Price	Offer Price	+ or -	Yield Gross
NAV Feb 4	$17.50			

Man International Futures

Mauritius Fund Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
NAV Jan 31	$11.27			

MeesPierson

Merrill Lynch Asset Management

Merrill Lynch Guernsey

	Bid Price	Offer Price	+ or -	Yield Gross
Interactive Cap NAV Feb 11	$17.05			

Minoiniak International Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
NAV Feb 11	$111.30			

Momentum Asset Mgmt

Montgomery Emerging Markets Fund Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
NAV Feb 4	$1507.18			

Moore Global Investment

Morgan Stanley Emerging Market Fund

Morgan Stanley Japanese Warrant Fund NV

	Bid Price	Offer Price	+ or -	Yield Gross
NAV	$2.9017			

National Investment Trust Company Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
The New Taipei Fund Ltd	$11.9759			

Newport Investment Management Ltd

Nomura Warrant Fund 1990 Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
NAV	$0.13			

North Star Fund Managers (Cayman) Ltd

Odey Asset Management Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Odey European	DM183.22			

Old Ironsides International Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Old Ironsides Dec 31	$114.44	117.86		

Omega Overseas Partners Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Omega Overseas Partners Fe 10	$168.0398			

Optima Fund Management

Orbis Investment Management Ltd

Orbitex Management Ltd

ORIENT Growth Fd

	Bid Price	Offer Price	+ or -	Yield Gross
NAV	$14.57			

PFC Internatl Portfolio Fd Mngt Ltd

PRS International

Pacific Growth Fund

	Bid Price	Offer Price	+ or -	Yield Gross
NAV	$17.25			

Pakistan Fund

	Bid Price	Offer Price	+ or -	Yield Gross
NAV Jan 27	$8.39			

Pequot International Fund Inc

	Bid Price	Offer Price	+ or -	Yield Gross
NAV Jan 12	$210.24			

Philippine Income Fund Inc

	Bid Price	Offer Price	+ or -	Yield Gross
NAV Feb 2	$11.40			

Portuguese Investment Fund Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
NAV Feb 10	$88.5115			

Putnam Embassy Funds Ltd

Putnam International Advisors Ltd

Quantum Group

Real Estate Strategies Ltd

Regent Fund Management Ltd

Republic New York Funds

Rosenwald, Rodhi & Co Ltd

Rothschild Asset Management (CI)

Royal Bank of Canada Intl Money Market Fd

Sabre Futures Fund

Safra Republic Holding

Schroder Investment Management Limited

Schroder Japanese Warrant Fund

	Bid Price	Offer Price	+ or -	Yield Gross
Unbundled NAV Feb 11	$1.42			

Schroders Asia Limited

Schroders Australia Ltd

Schroder (Switzerland) Fund

Schnitter Bermuda Funds

Scudder, Stevens & Clark Inc

Segespar Securities (Bermuda) Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Green Wav Ltd NAV Dec 31	$18578.58			

Seychelles Fund Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
NAV Dec 31	$1024.32			

Shizuoni Investment Mngmt (Bermuda) Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Japan Opps NAV Jan 31	$13.732			

Sloane Robinson Investment Management Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Europe Feb 9	$100.73			
Asia Feb 9	$100.87			
International Fd Feb 9	$100.00			

Smith Barney Funds

	Bid Price	Offer Price	+ or -	Yield Gross
Worldwide Special Fund NV	$324.89			
Worldwide Securities Ltd	$63.42			

Soditic Asset Management Inc

Carl Spaengler KAG

	Bid Price	Offer Price	+ or -	Yield Gross
Long Term Value Trust NAV	$594.34			

State Street Banque SA

Strome Offshore Limited

	Bid Price	Offer Price	+ or -	Yield Gross
NAV Jan 31	$382.67			

Tabasco Fund Managers Limited

	Bid Price	Offer Price	+ or -	Yield Gross
Tabasco Fd Oct 31	$7.16			

Taipei Fund

NAV NT$11928.30 US$72.72 (Feb 14)

Templeton Galbraith & Hansberger Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Global Inc Feb 11	$9.35	9.95		

The Thai Development Capital Fd

	Bid Price	Offer Price	+ or -	Yield Gross
NAV Feb 2	$14.54			

The Thai–Euro Fund Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
NAV Feb 11	$44.64			

The Thai Prime Fund Limited

	Bid Price	Offer Price	+ or -	Yield Gross
NAV Feb 11	$24.03			

The Thailand Fund

The Thailand Growth Fund

The Thailand Intl Fund Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
NAV Feb 11	$42.54			

Thames Currency Funds

Thornton Investment Management Ltd

Trans Global Investments

	Bid Price	Offer Price	+ or -	Yield Gross
Trans Global Investa Fd	$241.47	248.84		

Triumph Global Hedge Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
NAV Feb 7	$1089.81			

For Tyndall see Jupiter Tyndall & Bermuda (SIB Recognised)

Ultra Ceberus Fund Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Fund Advisors Ltd Dec 31	$1137.52			

Ultra Futures Fund Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Fund Advisors Ltd Jan 31	$9C88.51			

Ultra Hedge Fund Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Fnd Advisors Ltd Jan 31	$1079.53			

Ultra Sector Fund Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Fund Advisors Ltd Jan 31	$1192.38			

Ultra Telecom Fund Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Fund Advisors Ltd Jan 31	$1051.33			

Ultra Value Fund Ltd

Value Partners "A" Fund

	Bid Price	Offer Price	+ or -	Yield Gross
NAV Feb 8	$16.49			

Valu–Trac Investment Management Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Valu-Trac Global Bd Tst	$10.34	10.94	-0.10	
Valu-Trac Global Eqty Tst	$11.30	12.02	-0.15	

The Vietnam Fund Limited

	Bid Price	Offer Price	+ or -	Yield Gross
NAV Fully Paid Jan 31	$10.35			
NAV Partly Paid Jan 31	$4.71			

Vigilant Fund Company Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Vigilant Managed Fd	£93.10	97.78	+0.01	

WW Capital Growth Fund

	Bid Price	Offer Price	+ or -	Yield Gross
NAV Jan 31	$1140.77			

Wardley Investment Services Ltd

Wellington Fd Mngrs (Bermuda) Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Intel Growth Fd	$18.02	18.92	+0.11	

Wells Fargo U.S. IT Fund

	Bid Price	Offer Price	+ or -	Yield Gross
Wells Fargo A Shs (z)	$12.69			
Wells Fargo B Shs (z)	$13.35			

Worldwide Limited

	Bid Price	Offer Price	+ or -	Yield Gross
NAV Dec 31	$94.08			

Xiphias International Investment Fd Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Xiphias Inl US$ Acc	$1.5008			
Xiphias Inl ECU Acc	Ecu1.3196			
Xiphias Inl ECU Dis	Ecu1.3919			

Yamaichi Capital Management (Guernsey) Ltd

	Bid Price	Offer Price	+ or -	Yield Gross
Thai Inv Fund	$19.09			

MANAGED FUNDS NOTES

Prices are in pence unless otherwise indicated and those designated $ with no prefix refer to U.S. dollars. Yields % allow for all buying expenses. Prices of certain older insurance linked plans subject to capital gains tax on sales. b Distribution free of UK taxes. p Periodic premium insurance plans. s Single premium insurance. u Designated as a UCITS (Undertakings for Collective Investment in Transferable Securities). x Offered price includes all expenses except agent's commission. y Previous day's price. § Guernsey gross. ‡ Suspended. ♦ Yield before Jersey tax. † Ex-subdivision. ♦ Only available to charitable bodies. ◊ Yield column shows annualised rates of NAV increase. (**) Funds not SIB recognised. The regulatory authorities for these funds are: Guernsey: Financial Services Commission; Ireland: Central Bank of Ireland; Isle of Man: Financial Supervision Commission; Jersey: Financial Services Department; Luxembourg: Institut Monétaire Luxembourgeois.

CURRENCIES AND MONEY

MARKETS REPORT

Dollar sharply lower

Market activity was yesterday dominated by the dollar which fell to a five-month low against the yen, as investors sold the US currency in the wake of last week's failed trade talks, *writes Philip Gawith.*

After closing at Y107.1 in New York on Friday, the dollar was heavily sold in Asian and European trading. It touched a low of Y103.50, before recovering to close in London at Y104.100, its lowest level since September. The currency fell further in New York and was trading at Y103 yesterday evening.

Investors sold dollars for yen in anticipation that the US administration would try and talk up the Japanese currency as a means of curbing Japan's large trade surplus with the US which reached $60bn in 1993.

It was the failure last Friday of President Clinton and Mr Morihiro Hosokawa to reach agreement at their Washington summit on measures to deal with this long-standing problem that prompted yesterday's sell-off.

Rumours of intervention by the Bank of Japan and the US Federal Reserve helped stabilise the currency temporarily, but many dealers felt the market would probably see if it could push the dollar lower, towards Y100.

■ The US administration has in the past talked up the yen as a weapon to exert leverage on Japan in the trade talks. Yesterday's movement clearly reflected market nervousness that this scenario was likely to be repeated. Mr Mickey Kantor, US Trade Representative, said the US would be considering its options all week and would not be making a hurried response. He did say, however, that it was up to the Japanese to re-open talks.

Apart from a stronger yen, a further option would be imposing sanctions. The Washington Post reported on Sunday that the Clinton administration has decided to impose sanctions on some Japanese imports to bolster its negotiating position.

Mr Adrian Cunningham, senior currency economist at UBS, believes the dollar will probably go as low as Y100 unless the US Administration speaks out and makes clear that it disapproves of the current level. The Fed was last reported intervening for its own account at the Y103 level in August.

Yesterday there were market reports of the Bank of Japan and the Fed intervening to support the dollar, but no indication that the Fed was intervening on its own account rather than in concert with the BOJ.

Mr Cunningham believes that the Fed will intervene from its own book when it thinks the market is short of dollars - that is, when there is maximum chance that intervention will have some effect. With the market not having had enough momentum to go through the Y103 level, the Fed may still have doubts about whether the market is in a corrective mood.

Notwithstanding talk of further yen strength, analysts are already warning that the currency looks unsustainably high. Nomura Research Institute put out a note saying it would be "wary of chasing the yen too far," adding that "the renewed strengthening is distinctly bad news for the Japanese economy." It will undermine confidence further, squeeze corporate profits and raises the prospect of more job losses. Also, "further yen strength would undermine the stock market and could lead to a flight of capital out of Japan, ultimately reversing the currency's strength."

Observers noted that this scenario offered little cheer to the US either. Mr Neil MacKinnon, chief economist at Citibank, commented:"Even from the US point of view there must be a recognition that a Japanese economy that is expanding is preferable to one that is flat on its back." Mr MacKinnon said, however, that the onus was with the Japanese to make the next move. "For the market to be convinced that the US is going to refrain from jaw-boning the currency, there are going to have to be some proposals from the Japanese."

■ Sterling closed at DM2.5622 in London, slightly down on Friday's close of DM2.5685. The weakness of the dollar took some pressure off the currency, which closed at $1.4693, up from $1.4663 on Friday. Investor sentiment was also improved by the release yesterday of producer price data, lower than forecast, which lent support to last week's much criticised easing of policy by the Bank of England.

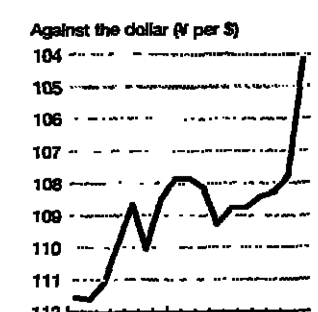
■ The D-mark maintained its recent mild uptrend against other EMS currencies. Dealers said trading was mostly a function of how individual currencies were holding up against the yen. It also closed higher against the weak dollar, finishing at DM1.7438, up from Friday's London close of DM1.7517.

The German currency was also supported by the market view that the Bundesbank council is unlikely to ease policy at its meeting on Thursday. This view was encouraged by the Bundesbank's announcement that this week's repo would be at a fixed rate of six per cent.

■ The Bank of England yesterday provided the UK money markets with late assistance of about £460m. Earlier the bank had put put £748m liquidity into the market at the established rate of 5⅛ per cent for outright sale of bills and 5 3/16 per cent for repo transactions. This compared with its forecast of a £1.5bn liquidity shortage, revised up from £1.4bn.

Yen

Against the dollar (Y per $)



Source: Datastream

■ Pound in New York

Feb 14	Latest	Prev. close
£ spot	1.4715	1.4627
1 mth	1.4695	1.4607
3 mth	1.4657	1.4569
1 yr	1.4559	1.4473

POUND SPOT FORWARD AGAINST THE POUND

Feb 14		Closing mid-point	Change on day	Bid/offer spread	Day's Mid high	Day's Mid low	One month Rate	%PA	Three months Rate	%PA	One year Rate	%PA	Bank of Eng. Index
Europe													
Austria	(Sch)	18.0144	-0.0622	070 - 217	18.0491	17.9578	18.0106	0.2	18.005	0.2	-	-	112.9
Belgium	(BFr)	52.8045	-0.2169	606 - 483	52.9260	52.6761	52.8645	-1.4	52.9745	-1.3	53.3245	-1.0	113.6
Denmark	(DKr)	10.0048	-0.0139	002 - 094	10.0175	9.9820	10.0129	-1.0	10.0304	-1.0	10.0613	-0.6	114.1
Finland	(FM)	8.2587	-0.0602	496 - 677	8.3130	8.2410	-	-	-	-	-	-	81.5
France	(FFr)	8.7075	-0.0225	031 - 118	8.7304	8.6923	8.6926	2.1	8.732	-1.1	8.7593	-0.6	107.3
Germany	(DM)	2.5622	-0.0063	612 - 631	2.5707	2.5539	2.5642	-0.9	2.5671	-0.8	2.5685	-0.2	121.5
Greece	(Dr)	370.117	-0.491	894 - 339	370.679	369.319	-	-	-	-	-	-	-
Ireland	(I£)	1.0448	+0.0009	439 - 456	1.0467	1.0400	1.0455	-0.7	1.0468	-0.7	1.0513	-0.6	102.4
Italy	(L)	2473.57	-5.03	233 - 481	2479.64	2469.27	2480.22	-3.2	2493.72	-3.3	2540.87	-2.7	76.8
Luxembourg	(LFr)	52.8045	-0.2169	606 - 483	52.9260	52.6761	52.8645	-1.4	52.9745	-1.3	53.3245	-1.0	113.6
Netherlands	(Fl)	2.8725	-0.0066	715 - 734	2.8778	2.8637	2.8734	-0.4	2.8734	-0.1	2.8667	0.2	117.5
Norway	(NKr)	11.0724	-0.0243	686 - 761	11.1324	11.0362	11.0694	0.3	11.0617	0.4	11.0709	0.0	84.2
Portugal	(Es)	258.010	-1.232	810 - 209	259.152	257.810	259	-4.6	261.135	-4.8	-	-	-
Spain	(Pta)	208.457	-0.528	378 - 536	209.310	208.278	209.107	-3.7	210.297	-3.5	214.357	-2.8	84.6
Sweden	(SKr)	11.8481	-0.0072	401 - 560	11.8608	11.7852	11.8891	-2.1	11.9091	-2.1	12.0421	-1.8	78.2
Switzerland	(SFr)	2.1598	-0.0046	587 - 608	2.1660	2.1494	2.1584	0.6	2.1551	0.9	2.1346	1.2	117.1
UK	(£)	-	-	-	-	-	-	-	-	-	-	-	80.7
Ecu	-	1.3214	-0.0026	208 - 219	1.3256	1.3177	1.3228	-1.3	1.3252	-1.2	1.3301	-0.7	-
SDR	-	0.942138	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	1.4666	+0.0031	662 - 670	1.4670	1.4606	-	-	-	-	-	-	-
Brazil	(Cr)	797.198	+1.613	028 - 368	798.000	794.000	-	-	-	-	-	-	-
Canada	(C$)	1.9888	+0.0184	880 - 895	1.9935	1.9665	1.9884	1.4	1.9821	1.3	1.9709	0.9	89.3
Mexico	(New Peso)	4.5622	+0.0093	598 - 646	4.5646	4.5432	-	-	-	-	-	-	-
USA	($)	1.4693	+0.003	690 - 696	1.4710	1.4632	1.4673	1.6	1.4635	1.6	1.4538	1.1	66.7
Pacific/Middle East/Africa													
Australia	(A$)	2.0684	+0.0197	652 - 675	2.0675	2.0468	2.0649	0.9	2.0626	0.7	2.0606	0.3	-
Hong Kong	(HK$)	11.3798	+0.0152	767 - 828	11.3828	11.3405	11.3581	2.3	11.3237	2.0	11.2236	1.4	-
India	(Rs)	46.0883	+0.0941	752 - 014	46.1014	45.9010	-	-	-	-	-	-	-
Japan	(Y)	152.955	-5.259	850 - 059	156.040	152.050	152.61	2.7	151.82	3.0	148.225	3.1	189.5
Malaysia	(M$)	4.0458	-0.0034	442 - 473	4.0473	4.0331	-	-	-	-	-	-	-
New Zealand	(NZ$)	2.5676	+0.0106	655 - 697	2.5697	2.5522	2.5705	-1.4	2.5748	-1.1	2.5834	-0.6	-
Philippines	(Peso)	40.4793	+0.0826	772 - 814	40.8743	39.9365	-	-	-	-	-	-	-
Saudi Arabia	(SR)	5.5103	+0.0109	089 - 117	5.5117	5.4877	-	-	-	-	-	-	-
Singapore	(S$)	2.3244	+0.0003	232 - 256	2.3256	2.3170	-	-	-	-	-	-	-
S Africa (Com.)	(R)	5.0598	+0.0033	578 - 620	5.0620	5.0426	-	-	-	-	-	-	-
S Africa (Fin.)	(R)	6.7441	+0.0321	354 - 528	6.7556	6.7088	-	-	-	-	-	-	-
South Korea	(Won)	1192.48	+3.23	209 - 287	1192.87	1186.80	-	-	-	-	-	-	-
Taiwan	(T$)	38.7895	+0.0205	669 - 121	38.8121	38.6900	-	-	-	-	-	-	-
Thailand	(Bt)	37.2761	-0.0559	538 - 984	37.2984	37.1650	-	-	-	-	-	-	-

†SDR rate for Feb.10. Bid/offer spreads in the Pound Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. Sterling index calculated by the Bank of England. Base average 1985 = 100.Bid, Offer and Mid-rates in both this and the Dollar Spot tables derived from THE WM/REUTERS CLOSING SPOT RATES. Some values are rounded by the F.T.

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Feb 14		Closing mid-point	Change on day	Bid/offer spread	Day's mid high	Day's mid low	One month Rate	%PA	Three months Rate	%PA	One year Rate	%PA	J.P Morgan index
Europe													
Austria	(Sch)	12.2805	-0.0675	580 - 630	12.3075	12.2315	12.2805	-2.0	12.3205	-2.0	12.3905	-1.1	102.4
Belgium	(BFr)	35.9585	-0.2215	160 - 610	36.1000	35.8700	36.0285	-3.0	36.1985	-2.9	36.6785	-2.1	103.3
Denmark	(DKr)	6.8093	-0.0233	075 - 110	6.8348	6.7962	6.8288	-3.4	6.8581	-2.9	6.9273	-1.7	103.0
Finland	(FM)	5.6208	-0.0526	158 - 258	5.6756	5.6104	5.6275	-1.4	5.6395	-1.3	5.6758	-1.0	76.1
France	(FFr)	5.9263	-0.0275	245 - 280	5.9550	5.9180	5.9404	-2.8	5.9663	-2.7	6.0253	-1.7	103.8
Germany	(D)	1.7438	-0.0079	435 - 441	1.7530	1.7400	1.7475	-2.6	1.7541	-2.4	1.7686	-1.3	103.4
Greece	(Dr)	251.900	-0.85	800 - 000	252.600	251.600	255.1	-15.2	262.05	-16.1	280.9	-16.5	71.0
Ireland	(I£)	1.4064	+0.0018	055 - 072	1.4095	1.4020	1.4035	2.5	1.3979	2.4	1.3821	1.7	-
Italy	(L)	1683.50	-6.88	300 - 400	1690.85	1680.19	1690.35	-4.9	1704	-4.9	1747.75	-3.8	77.5
Luxembourg	(LFr)	35.9385	-0.2215	160 - 610	36.1000	35.8700	36.0285	-3.0	36.1985	-2.9	36.6785	-2.1	103.3
Netherlands	(Fl)	1.9550	-0.0085	547 - 552	1.9650	1.9510	1.9583	-2.0	1.9635	-1.7	1.9719	-0.9	103.0
Norway	(NKr)	7.5358	-0.032	348 - 368	7.5760	7.5180	7.545	-1.5	7.5628	-1.4	7.6006	-0.9	94.2
Portugal	(Es)	175.600	-1.2	500 - 700	176.500	175.500	176.49	-6.1	178.33	-6.2	184.85	-5.3	94.1
Spain	(Pta)	141.875	-0.85	850 - 900	142.750	141.830	142.51	-5.4	143.7	-5.1	147.45	-3.9	80.2
Sweden	(SKr)	8.0638	-0.0214	600 - 675	8.0762	8.0240	8.0903	-3.9	8.1383	-3.7	8.2618	-2.7	81.9
Switzerland	(SFr)	1.4699	-0.0062	695 - 703	1.4800	1.4635	1.4709	-0.9	1.4725	-0.7	1.4683	0.1	103.9
UK	(£)	1.4693	+0.003	690 - 696	1.4710	1.4632	1.4673	1.6	1.4635	1.6	1.4538	1.1	83.8
Ecu	-	1.1120	+0.0045	117 - 122	1.1142	1.1059	1.1093	2.9	1.1044	2.7	1.0931	1.7	-
SDR	-	1.37505	-	-	-	-	-	-	-	-	-	-	-
Americas													
Argentina	(Peso)	0.9982	+0.0001	981 - 982	0.9982	0.9980	-	-	-	-	-	-	-
Brazil	(Cr)	542.570	-0.01	565 - 575	542.580	542.565	-	-	-	-	-	-	-
Canada	(C$)	1.3536	+0.0098	533 - 538	1.3560	1.3437	1.3539	-0.2	1.3544	-0.2	1.3557	-0.2	86.5
Mexico	(New Peso)	3.1050	-	040 - 060	3.1060	3.1040	3.1066	-0.6	3.1094	-0.6	3.12	-0.5	-
USA	($)	-	-	-	-	-	-	-	-	-	-	-	102.3
Pacific/Middle East/Africa													
Australia	(A$)	1.4064	+0.0106	059 - 069	1.4085	1.3974	1.4074	-0.9	1.4103	-1.1	1.4178	-0.8	89.2
Hong Kong	(HK$)	7.7450	-0.0055	445 - 455	7.7530	7.7395	7.7465	-0.2	7.749	-0.2	7.76	-0.2	-
India	(Rs)	31.3675	-	650 - 700	31.3700	31.3650	31.4325	-2.5	31.5675	-2.6	-	-	-
Japan	(Y)	104.100	-3.8	050 - 150	106.520	103.600	104.005	1.1	103.74	1.4	101.955	2.1	144.4
Malaysia	(M$)	2.7535	-0.008	530 - 540	2.7580	2.7530	2.747	2.8	2.746	1.1	2.7885	-0.5	-
New Zealand	(NZ$)	1.7475	+0.0036	464 - 486	1.7492	1.7437	1.7491	-1.1	1.7536	-1.4	1.7678	-1.2	-
Philippines	(Peso)	27.5500	-	500 - 500	27.8000	27.3500	-	-	-	-	-	-	-
Saudi Arabia	(SR)	3.7503	-0.0002	501 - 505	3.7505	3.7501	3.7527	-0.8	3.757	-0.7	3.7758	-0.7	-
Singapore	(S$)	1.5820	-0.003	815 - 825	1.5840	1.5815	1.5809	0.9	1.5787	0.8	1.591	-0.6	-
S Africa (Com.)	(R)	3.4438	-0.0047	430 - 445	3.4475	3.4375	3.4608	-5.9	3.4886	-5.3	3.5973	-4.5	-
S Africa (Fin.)	(R)	4.5900	+0.0125	850 - 950	4.6025	4.5800	4.621	-8.1	4.68	-7.8	-	-	-
South Korea	(Won)	811.600	+0.55	500 - 700	813.300	810.500	814.6	-4.4	818.1	-3.2	836.6	-3.1	-
Taiwan	(T$)	26.4000	-0.04	900 - 100	26.4400	26.3900	26.5025	-4.7	26.65	-3.8	-	-	-
Thailand	(Bt)	25.3700	-0.09	600 - 800	25.4000	25.3600	25.44	-3.3	25.58	-3.3	25.72	-1.4	-

†SDR rate for Feb.10. Bid/offer spreads in the Dollar Spot table show only the last three decimal places. Forward rates are not directly quoted to the market but are implied by current interest rates. UK, Ireland & ECU are quoted in US currency. J.P. Morgan indices shown for Feb.11. Base average 1990=100

CROSS RATES AND DERIVATIVES

EXCHANGE CROSS RATES

Feb.14		BFr	DKr	FFr	DM	I£	L	Fl	NKr	Es	Pta	SKr	SFr	£	C$	$	Y	Ecu
Belgium	(BFr)	100	18.94	16.49	4.852	1.979	4684	5.439	20.97	486.6	394.7	22.44	4.091	1.894	3.767	2.782	289.6	2.502
Denmark	(DKr)	52.80	10	8.707	2.562	1.045	2473	2.872	11.07	256.0	208.4	11.85	2.160	1.000	1.989	1.469	152.9	1.321
France	(FFr)	60.64	11.49	10	2.942	1.200	2840	3.298	12.71	295.3	239.3	13.61	2.481	1.149	2.284	1.687	175.6	1.517
Germany	(DM)	20.61	3.903	3.399	1	0.408	965.3	1.121	4.321	100.7	81.34	4.625	0.843	0.390	0.776	0.573	59.68	0.516
Ireland	(I£)	50.53	9.569	8.332	2.452	1	2367	2.748	10.59	246.9	199.4	11.34	2.067	0.957	1.903	1.406	146.3	1.264
Italy	(L)	2.135	0.404	0.352	0.104	0.042	100.	0.116	0.448	10.43	8.427	0.479	0.087	0.040	0.080	0.059	6.183	0.053
Netherlands	(Fl)	18.38	3.482	3.032	0.892	0.364	861.1	1	3.854	89.83	72.56	4.126	0.752	0.348	0.693	0.511	53.24	0.460
Norway	(NKr)	47.70	9.033	7.865	2.314	0.944	2234	2.594	10	233.1	188.3	10.70	1.951	0.903	1.797	1.327	138.1	1.193
Portugal	(Es)	20.47	3.876	3.375	0.993	0.405	958.5	1.113	4.291	100.	80.78	4.593	0.837	0.388	0.771	0.569	59.26	0.512
Spain	(Pta)	25.34	4.798	4.178	1.229	0.501	1187	1.378	5.312	123.8	100.	5.686	1.036	0.480	0.954	0.705	73.37	0.634
Sweden	(SKr)	44.56	8.439	7.348	2.162	0.882	2087	2.424	9.342	217.7	175.9	10	1.823	0.844	1.678	1.240	129.0	1.115
Switzerland	(SFr)	24.44	4.630	4.031	1.186	0.484	1145	1.330	5.125	119.4	96.48	5.486	1	0.463	0.921	0.680	70.78	0.612
UK	(£)	52.80	10.00	8.707	2.562	1.045	2473	2.872	11.07	258.0	208.4	11.85	2.160	1	1.989	1.469	152.9	1.321
Canada	(C$)	26.55	5.028	4.378	1.288	0.525	1243	1.444	5.566	129.7	104.8	5.958	1.086	0.503	1	0.739	76.87	0.664
US	($)	35.94	6.807	5.927	1.744	0.711	1683	1.955	7.536	175.6	141.9	8.067	1.470	0.681	1.354	1	104.1	0.899
Japan	(Y)	345.3	65.40	56.95	16.76	6.835	16174	18.78	72.40	1687	1363	77.50	14.13	6.540	13.01	9.608	1000.	8.640
Ecu		39.97	7.570	6.591	1.939	0.791	1872	2.174	8.380	195.3	157.8	8.970	1.635	0.757	1.506	1.112	115.7	1

Yen per 1,000: Danish Kroner, French Franc, Norwegian Kroner and Swedish Kronor per 10; Belgian Franc, Escudo, Lira and Peseta per 100.

■ D-MARK FUTURES (IMM) DM 125,000 per DM

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	0.5698	0.5723	+0.0039	0.5729	0.5683	46,484	142,989
Jun	0.5690	0.5695	+0.0040	0.5699	0.5688	253	9,774
Sep	0.5665	0.5665	+0.0030	0.5670	0.5665	-	-

■ JAPANESE YEN FUTURES (IMM) Yen 12.5 per Yen 100

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	0.9418	0.9609	+0.0283	0.9626	0.9396	22,812	81,910
Jun	0.9430	0.9640	+0.0279	0.9651	0.9420	387	7,317
Sep	0.9604	0.9700	+0.0296	0.9704	0.9604	13	758

■ SWISS FRANC FUTURES (IMM) SFr 125,000 per SFr

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	0.6758	0.6815	+0.0070	0.6821	0.6755	21,074	49,385
Jun	0.6812	0.6809	+0.0072	0.6812	0.6803	95	1,242
Sep	-	-	-	-	-	-	-

■ STERLING FUTURES (IMM) £62,500 per £

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	1.4630	1.4674	+0.0070	1.4680	1.4626	13,591	41,006
Jun	1.4590	1.4626	+0.0074	1.4628	1.4590	108	2,231
Sep	-	1.4580	-	1.4580	-	1	428
Dec	-	1.4550	-	1.4550	-	1	12

EMS EUROPEAN CURRENCY UNIT RATES

Feb 14	Ecu cen. rates	Rate against Ecu	Change on day	% +/- from cen. rate	% spread v weakest	Div. ind.
Ireland	0.808628	0.791617	+0.002178	-2.10	4.68	14
Netherlands	2.19672	2.17537	-0.00006	-0.97	3.48	-
Belgium	40.2123	39.9817	-0.0402	-0.57	3.07	4
Germany	1.94964	1.94044	-0.00019	-0.47	2.96	-
France	6.53883	6.59919	+0.00405	0.92	1.54	-8
Portugal	192.854	195.579	+0.011	1.41	1.05	-9
Denmark	7.43679	7.57884	-0.00563	1.91	0.56	-13
Spain	154.250	158.069	+0.096	2.48	0.00	-17
NON ERM MEMBERS						
Greece	264.513	280.253	+0.318	5.95	-3.28	-
Italy	1793.19	1873.93	-1.56	4.50	-1.94	-
UK	0.786749	0.757752	+0.000134	-3.69	6.40	-

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate.
(17/9/92) Sterling and Italian Lira suspended from ERM. Adjustment calculated by the Financial Times.

■ PHILADELPHIA SE £/$ OPTIONS £31,250 (cents per pound)

Strike Price	CALLS Mar	CALLS Apr	CALLS May	PUTS Mar	PUTS Apr	PUTS May
1.400	6.66	6.81	6.97	0.06	0.36	0.71
1.425	4.37	4.79	5.09	0.21	0.83	1.31
1.450	2.45	3.10	3.51	0.74	1.62	2.21
1.475	1.07	1.87	2.33	1.86	2.78	3.40
1.500	0.35	1.02	1.44	3.58	4.42	5.00
1.525	0.07	0.50	0.84	5.77	6.38	6.87

Previous day's vol., Calls 23,398 Puts 26,313 . Prev. day's open int., Calls 532,338 Puts 529,276

WORLD INTEREST RATES

MONEY RATES

February 14	Over night	One month	Three mths	Six mths	One year	Lomb. inter.	Dis. rate	Repo rate
Belgium	-	6 11/16	6⅝	6½	6¼	7.40	5.25	-
week ago	-	6 11/16	6⅝	6 9/16	6⅜	7.40	5.25	-
France	6⅜	6 5/16	6 3/16	6⅛	5⅞	6.20	-	7.75
week ago	6 9/16	6 5/16	6⅜	6 3/16	5¾	6.20	-	7.75
Germany	6.38	6.05	5.85	5.65	5.37	6.75	5.75	6.00
week ago	5.98	6.05	5.80	5.60	5.28	6.75	5.75	6.00
Ireland	5⅞	5⅜	5¾	5⅞	5 15/16	-	-	6.75
week ago	6	5¾	5 13/16	5¾	5 15/16	-	-	6.75
Italy	8 11/16	8½	8½	8⅜	8¼	-	8.00	8.92
week ago	8⅝	8½	8 5/16	8¼	8	-	8.00	8.92
Netherlands	5.61	5.49	5.30	5.11	4.95	-	5.25	-
week ago	5.53	5.49	5.30	5.09	4.90	-	5.25	-
Switzerland	4½	4⅜	4¼	4⅛	3⅞	6.625	4.00	-
week ago	4¼	4⅜	4⅛	3 15/16	3⅞	6.625	4.00	-
US	3⅛	3⅛	3½	3 11/16	4	-	3.00	-
week ago	3⅜	3 3/16	3 5/16	3⅝	4	-	3.00	-
Japan	2 3/16	2¼	2¼	2⅛	2⅛	-	1.75	-
week ago	2⅛	2¼	2¼	2⅛	2⅛	-	1.75	-
■ $ LIBOR FT London								
Interbank Fixing	-	3⅛	3⅜	3¾	4¼	-	-	-
week ago	-	3⅛	3 5/16	3⅝	3 15/16	-	-	-
US Dollar CDs	-	3.25	3.39	3.57	3.91	-	-	-
week ago	-	3.25	3.38	3.51	3.82	-	-	-
SDR Linked Ds	-	3 3/16	3⅜	3⅝	3⅞	-	-	-
week ago	-	3⅛	3⅜	3⅝	3¾	-	-	-

$ LIBOR interbank fixing rates are offered rates for $10m quoted to the market by four reference banks at 11am each working day. The banks are: Bankers Trust, Bank of Tokyo, Barclays and National Westminster.
Mid rates are shown for the domestic Money Rates, US $ CDs and SDR Linked Deposits (Ds)

EURO CURRENCY INTEREST RATES

Feb 14	Short term	7 days notice	One month	Three months	Six months	One year
Belgian Franc	6⅞ - 6¾	6⅞ - 6⅝	6 11/16 - 6 9/16	6 9/16 - 6 7/16	6 7/16 - 6 5/16	6¼ - 6⅛
Danish Krone	6 - 5½	6⅞ - 6⅜	6½ - 6¼	6½ - 6¼	6⅛ - 5⅞	5⅞ - 5⅝
D-Mark	6¼ - 6⅛	6 5/16 - 6 3/16	6⅛ - 6	5 15/16 - 5 13/16	5¾ - 5⅝	5 7/16 - 5 5/16
Dutch Guilder	5⅝ - 5½	5⅝ - 5½	5½ - 5⅜	5 7/16 - 5 5/16	5⅛ - 5	4 15/16 - 4 13/16
French Franc	6 7/16 - 6 5/16	6 7/16 - 6 5/16	6 7/16 - 6 5/16	6 3/16 - 6 1/16	6⅛ - 6	5 15/16 - 5 13/16
Portuguese Esc.	10¼ - 10⅛	10¼ - 10⅛	10 1/16 - 9⅞	10 1/16 - 9¾	9 13/16 - 9⅝	9⅞ - 9⅜
Spanish Peseta	9¼ - 8 15/16	9⅛ - 8 13/16	9⅛ - 8 15/16	8 15/16 - 8 11/16	8 9/16 - 8⅜	8¼ - 8 1/16
Sterling	5⅜ - 5¼	5¼ - 5⅛	5 3/16 - 5⅛	5 3/16 - 5⅛	5 3/16 - 5⅛	5¼ - 5 3/16
Swiss Franc	4½ - 4⅜	4½ - 4⅜	4⅜ - 4¼	4¼ - 4⅛	4 1/16 - 3 15/16	3 15/16 - 3 13/16
Can. Dollar	3½ - 3¼	3⅝ - 3⅜	3⅝ - 3½	3 13/16 - 3 11/16	4 - 3⅞	4⅛ - 4 1/16
US Dollar	3 5/16 - 3 3/16	3 5/16 - 3 3/16	3⅜ - 3¼	3 9/16 - 3 7/16	3¾ - 3⅝	4 1/16 - 3 15/16
Italian Lira	10 - 8	8⅝ - 8⅛	8⅜ - 7⅞	8⅛ - 7⅞	8⅛ - 7¾	8¼ - 7⅞
Yen	2 3/32 - 2 1/32	2 3/32 - 2 1/32	2¼ - 2 3/16	2 3/16 - 2⅛	2 3/32 - 2 1/32	2 1/16 - 2
Asian $Sing	3½ - 2½	3½ - 2½	3½ - 2½	4 - 3	4 - 3	4¼ - 3¼

Short term rates are call for the US Dollar and Yen, others: two days' notice.

■ THREE MONTH PIBOR FUTURES (MATIF) Paris Interbank offered rate

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	93.94	93.91	-0.03	93.95	93.90	11,812	105,095
Jun	94.42	94.39	-0.02	94.43	94.38	9,452	83,763
Sep	94.75	94.73	-0.01	94.77	94.72	2,713	48,858
Dec	95.00	94.98	-0.01	95.00	94.98	2,430	31,586

■ THREE MONTH EURODOLLAR (LIFFE)* $1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	96.37	96.37	+0.01	96.37	96.37	20	5531
Jun	96.07	96.06	-	96.07	96.07	1	4447
Sep	95.73	95.74	+0.02	95.73	95.73	50	1648
Dec		95.35	+0.03			0	881

■ THREE MONTH EUROMARK FUTURES (LIFFE)* DM1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	94.32	94.28	-0.03	94.32	94.27	19098	209214
Jun	94.75	94.73	-0.01	94.78	94.71	22747	206045
Sep	95.06	95.05	-	95.07	95.03	14416	165321
Dec	95.23	95.23	-	95.26	95.21	7786	129848

■ THREE MONTH EUROLIRA INT.RATE FUTURES (LIFFE) L1000m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	91.66	91.59	-0.07	91.66	91.55	6463	41249
Jun	92.24	92.16	-0.06	92.25	92.15	6374	44146
Sep	92.64	92.57	-0.05	92.64	92.55	1056	21681
Dec	92.89	92.82	-0.07	92.89	92.76	1169	15489

■ THREE MONTH EURO SWISS FRANC FUTURES (LIFFE) SFr1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	95.90	95.87	-0.03	95.90	95.86	3171	34020
Jun	96.19	96.17	-0.01	96.19	96.14	1818	22621
Sep	96.26	96.27	-	96.29	96.25	521	6068
Dec	96.26	96.26	-	96.26	96.26	50	3136

■ THREE MONTH ECU FUTURES (LIFFE) Ecu1m points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	93.79	93.76	-0.02	93.79	93.74	487	13377
Jun	94.31	94.28	-0.01	94.31	94.27	291	10674
Sep	94.67	94.65	-0.02	94.67	94.64	88	8986
Dec	94.89	94.87	-0.01	94.89	94.86	81	6468

* LIFFE futures traded on APT

■ THREE MONTH EURODOLLAR (IMM) $1m points of 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	96.36	96.37	+0.01	96.37	96.36	65,334	367,796
Jun	96.06	96.07	+0.01	96.07	96.05	125,680	402,767
Sep	95.74	95.75	+0.02	95.75	95.72	100,198	326,703
Dec	95.35	95.35	+0.01	95.36	95.33	65,938	247,687

■ US TREASURY BILL FUTURES (IMM) $1m per 100%

	Open	Latest	Change	High	Low	Est. vol	Open int.
Mar	96.67	96.69	+0.01	96.69	96.67	1,402	16,218
Jun	96.39	96.41	+0.01	96.41	96.39	3,418	21,194
Sep	96.10	96.11	+0.01	96.12	96.10	1,335	4,267

All Open interest figs. are for previous day

■ EUROMARK OPTIONS (LIFFE) DM1m points of 100%

Strike Price	CALLS Mar	CALLS Jun	CALLS Sep	PUTS Mar	PUTS Jun	PUTS Sep
9425	0.10	0.51	0.84	0.07	0.03	0.04
9450	0.03	0.31	0.61	0.25	0.08	0.06
9475	0.01	0.17	0.42	0.48	0.19	0.12

Est. vol. total, Calls 5262 Puts 4735. Previous day's open int., Calls 236227 Puts 166051

■ EURO SWISS FRANC OPTIONS (LIFFE) SFr 1m points of 100%

Strike Price	CALLS Mar	CALLS Jun	CALLS Sep	PUTS Mar	PUTS Jun	PUTS Sep
9575	0.16	0.44	0.56	0.04	0.02	0.04
9600	0.03	0.23	0.36	0.16	0.06	0.09
9625	0.02	0.10	0.20	0.40	0.18	0.18

Est. vol. total, Calls 0 Puts 0. Previous day's open int., Calls 1694 Puts 3368

UK INTEREST RATES

LONDON MONEY RATES

Feb 14	Over-night	7 days notice	One month	Three months	Six months	One year
Interbank Sterling	7 - 5¼	5¼ - 5	5¼ - 5⅛	5 3/16 - 5⅛	5 3/16 - 5⅛	5¼ - 5 7/16
Sterling CDs	-	-	5 3/16 - 5⅛	5⅛ - 5 1/16	5⅛ - 5 1/16	5⅛ - 5 3/16
Treasury Bills	-	-	5 1/16 - 5⅛	5 - 4 15/16	-	-
Bank Bills	-	-	4 15/16 - 4 13/16	4 15/16 - 4⅞	4 15/16 - 4⅞	-
Local authority deps.	5 7/16 - 5 5/16	5 3/16 - 5 1/16	5⅛ - 5	5¼ - 5⅛	5¼ - 5⅛	5¼ - 5⅛
Discount market deps.	5¾ - 5¼	5¼ - 5 3/16	-	-	-	-

UK clearing bank base lending rate 5¼ per cent from February 8, 1994

	Up to 1 month	1-3 month	3-6 months	6-9 months	9-12 months
Certs of Tax dep. (£100,000)	1½	4	3¾	3¾	3½

Certs of Tax dep. under £100,000 is 1½pc. Deposits withdrawn for cash ½pc.
Ave. tender rate of discount 4.7106pc. ECGD fixed rate Stlg. Export Finance. Make up day January 31, 1994. Agreed rate for period Feb 26, 1994 to Mar 25, 1994, Schemes II & III 6.70pc. Reference rate for period Jan 1, 1994 to Jan 31, 1994, Schemes IV & V 5.434pc. Finance House Base Rate 5½pc from Feb 1, 1994

■ THREE MONTH STERLING FUTURES (LIFFE) £500,000 points of 100%

	Open	Sett price	Change	High	Low	Est. vol	Open int.
Mar	94.76	94.78	-	94.79	94.76	5593	84275
Jun	94.90	94.91	-	94.93	94.88	14621	109634
Sep	94.87	94.88	+0.02	94.89	94.86	7145	61178
Dec	94.77	94.79	+0.02	94.80	94.76	6024	91891

Traded on APT. All Open interest figs. are for previous day.

■ SHORT STERLING OPTIONS (LIFFE) £500,000 points of 100%

Strike Price	CALLS Mar	CALLS Jun	CALLS Sep	PUTS Mar	PUTS Jun	PUTS Sep
9475	0.07	0.24	0.29	0.04	0.08	0.18
9500	0.01	0.10	0.16	0.23	0.19	0.28
9525	0	0.03	0.07	0.47	0.37	0.44

Est. vol. total, Calls 6215 Puts 6960. Previous day's open int., Calls 162126 Puts 142748

BASE LENDING RATES

	%		%		%
Adam & Company	5.25	Duncan Lawrie	5.25	* Roxburghe Bank Ltd is no longer authorised as a banking institution.	8
Allied Trust Bank	5.25	Exeter Bank Limited	6.5	Royal Bk of Scotland	5.25
AIB Bank	5.25	Financial & Gen Bank	6	●Smith & Williamson Secs.	5.25
●Henry Ansbacher	5.25	●Robert Fleming & Co	5.25	Standard Chartered	5.25
Bank of Baroda	5.25	Girobank	5.25	TSB	5.25
Banco Bilbao Vizcaya	5.25	●Guinness Mahon	5.25	●United Bk of Kuwait	5.25
Bank of Cyprus	5.5	Habib Bank AG Zurich	5.25	Unity Trust Bank Plc	5.25
Bank of Ireland	5.25	●Hambros Bank	5.25	Western Trust	5.5
Bank of India	5.25	Heritable & Gen Inv Bk.	5.5	Whiteaway Laidlaw	5.25
Bank of Scotland	5.25	●Hill Samuel	5.25	Wimbledon & Sth West	6.5
Barclays Bank	5.25	C. Hoare & Co	5.25	Yorkshire Bank	5.25
Brit Bk of Mid East	5.25	Hongkong & Shanghai	5.25		
●Brown Shipley	5.25	Julian Hodge Bank	5.25		
CL Bank Nederland	5.25	●Leopold Joseph & Sons	5.25		
Citibank NA	5.25	Lloyds Bank	5.25		
City Merchants Bank	5.5	Meghraj Bank Ltd	5.25		
Clydesdale Bank	5.25	Midland Bank	5.25		
The Co-operative Bank	5.25	* Mount Banking	6		
Coutts & Co	5.25	NatWestminster	5.25		
Credit Lyonnais	5.25	●Rea Brothers	5.25		
Cyprus Popular Bank	5.5				

● Members of British Merchant Banking & Securities Houses Association
* In administration

MONEY MARKET FUNDS

Money Market Trust Funds

	Gross	Net	Gross CAR	Int Cr
CAF Money Management Co Ltd 0732 770114				
48 Pembury Road, Tonbridge TN9 2JD				
Calcash Deposit Fund	4.77	-	4.86	3-Mth
Deposits Over £1 million	4.87	-	4.98	3-Mth
Deposits Over £2 million	4.97	-	5.07	3-Mth
The CBF Charities Deposit Account 071-588 1815				
2 Fore Street, London EC2Y 5AQ				
Deposit	5.00	-	5.09	3-Mth
Cent. Bd. of Fin. of Church of England‡ 071-588 1815				
2 Fore Street, London EC2Y 5AQ				
Deposit	5.10	-	5.20	3-Mth
Gartmore Money Management Ltd 071-238 1425				
16-18 Monument St, London EC3R 8QQ 071 238 6062				
TESSA Bank				
Call Fund	4.46	3.34	4.51	6-Mth
7-day Fund	4.28	3.21	4.33	6-Mth
Special Fund	4.44	3.32	4.53	1-Mth
Dollar	1.98	1.48	2.00	3-Mth
TESSA Prime	4.28	-	4.35	3-Mth

Money Market Bank Accounts

	Gross	Net	Gross CAR	Int Cr
Aitken Hume Bank plc 071-638 6070				
30 City Road, London EC1Y 2AY.				
Treasury Account – for professional advisers				
£25,000-£49,999	4.75	3.5625	4.85	Mth
£50,000 or more	5.00	3.75	5.12	Mth
Multiply Inv Acc – for personal and business clients				
Up to £9,999	3.25	2.4375	3.30	Mth
£10,000 - £24,999	4.00	3.00	4.07	Mth
£25,000 - £49,999	4.50	3.375	4.59	Mth
£50,000 or more	4.75	3.5625	4.85	Mth
Money Market quotations – please telephone				
Allied Trust Bank Ltd 071-626 0879				
97-101 Cannon St, London, EC4N 5AD				
FONMIA (£2,001+)	6.54	4.90	6.54	Yearly
TREMMA (£2,001+)	5.85	4.39	5.85	Yearly
FONMIA (£2,001+)	5.64	4.23	5.64	Yearly
OMMA (£2,001+)	5.33	3.99	5.33	Yearly
HICA (£2,001+)	4.25	3.19	4.33	Mth
HISCA (£2001+)	4.25	3.19	4.33	Mth
Premier TESSA	6.87	5.16	6.87	Yearly
American Express Bank Ltd 0444 232444				
Sussex House, Burgess Hill RH15 9AQ				
High Performance Cheque Account				
£500-£999.99	1.25	0.94	1.26	Mth
£1,000-£4,999.99	3.75	2.81	3.82	Mth
£5,000-£9,999.99	4.00	3.00	4.07	Mth
£10,000-£24,999.99	4.25	3.19	4.33	Mth
£25,000-£49,999.99	4.50	3.38	4.58	Mth
£50,000+	5.00	3.75	5.12	Mth
Bank of Ireland High Interest Cheque Acc 0753 516516				
36-40 High St, Slough SL1 1EL				
£10,000 +	3.500	2.625	3.548	Qtr
£2,000-£9,999	2.50	1.875	2.524	Qtr
Bank of Scotland 071-601 6446				
38 Threadneedle St, EC2P 2EH				
MM Chq Acc £2,500-£24,999	3.50	2.62	3.56	Mth
£25,000-£249,999	3.75	2.81	3.82	Mth
£250,000+	5.00	3.75	5.12	Mth
Barclays Select 0800 400100				
PO Box 120, Westwood Bs Pk, Coventry				
£2,000-£9,999	4.00	3.00	4.00	Yearly
£10,000-£24,999	4.75	3.56	4.75	Yearly
£25,000-£49,999	5.00	3.75	5.00	Yearly
£50,000-£99,999	5.25	3.94	5.25	Yearly
£100,000+	5.50	4.13	5.50	Yearly
Barclays Prime Account H.I.C.A. 0604 252891				
PO Box 125, Northampton				
£1,000-£2,499	2.00	1.50	2.02	Qtr
£2,500-£9,999	2.25	1.69	2.27	Qtr
£10,000-£24,999	2.75	2.06	2.78	Qtr
£25,000+	3.35	2.51	3.39	Qtr
Brown Shipley & Co Ltd 071-606 9833				
Founders Court, Lothbury, London EC2				
HICA	4.00	3.00	4.07	Qtr
Pref Demand A/c	4.00	3.00	4.07	Qtr
Caledonian Bank Plc 031 556 8235				
8 St Andrew Square, Edinburgh EH2 2PP				
HICA	4.75	3.5625	-	Yearly
Cater Allen Ltd 071-623 2070				
20 Birchin Lane, London EC3V 9DJ				
HICA	3.75	2.81	3.81	Mth
Consort £5,000 min	4.63	3.47	4.73	Mth
Overnight	4.875	-	4.9854	Mth
Charterhouse Bank Limited 071-248 4000				
1 Paternoster Row, EC4M 7DH				
£2,500-£19,999	3.75	2.81	3.82	Mth
£20,000-£49,999	4.00	3.00	4.07	Mth
£50,000-£99,999	4.25	3.19	4.33	Mth
£100,000+	4.50	3.38	4.59	Mth
$5,000-$49,999	1.50	1.13	1.51	Mth
$50,000-$99,999	2.00	1.50	2.02	Mth
$100,000-$199,999	2.25	1.69	2.27	Mth
$200,000+	2.50	1.88	2.53	Mth
Many other currencies are available – for rates please phone ext 2166				
Clydesdale Bank Flexible Solution Acc 041-248 7070				
30 St Vincent Place, Glasgow G1 2HL				
£10,000-£29,999	3.70	2.78	3.75	Qtr
£30,000-£99,999	3.75	2.81	3.80	Qtr
£100,000-£199,999	3.80	2.85	3.85	Qtr
The Co-operative Bank 0345 252000				
PO Box 300, Skelmersdale, Lancs				
TESSA	5.25	-	-	Yearly
Pathfinder – Card Based Current Account				
All Balances	4.90	3.68	5.01	Mth
Investment 30 – 90 Day Notice Savings				
£50,000+	5.25	3.94	5.32	6-Mth
£25,000-£49,999	4.50	3.38	4.55	6-Mth
£10,000-£24,999	4.00	3.00	4.04	6-Mth
£5,000-£9,999	3.00	2.25	3.02	6-Mth
Top Tier – Instant Access Savings				
£50,000+	3.75	2.81	3.79	6-Mth
£25,000-£49,999	3.25	2.44	3.28	6-Mth
£5,000-£24,999	2.25	1.69	2.26	6-Mth
Business Deposit – Instant Access				
£250,000+	4.50	3.38	4.55	6-Mth
£25,000-£249,999	3.05	2.29	3.08	6-Mth
£10,000-£24,999	2.75	2.06	2.77	6-Mth
£500-£9,999	2.25	1.69	2.26	6-Mth
30-90 day notice available Tel 061-828 5526				
Coutts & Co 071-753 1000				
440 Strand, London WC2R 0QS				
Coutts Composite Account for clients money				
15 Lombard Street, London EC3V 9AU 071-623 1010				
Rates negotiable up to...	4.625	-	-	-
Dao Heng Bank (London) PLC Premier Acc 071-406 1616				
10 Angel Court, London EC2R 7HP				
£20,000+	5.00	3.75	5.09	Qtr
£10,001-£20,000	4.25	3.19	4.32	Qtr
£2,500-£10,000	3.75	2.81	3.80	Qtr
Savings Account	2.75	2.06	2.78	Qtr
Davenham Tst Plc-Davenham 500 Acc 061-832 8484				
8 St John St, Manchester M3 4DU				
£10,000+ 6Mths	7.25	5.4375	-	6-Mth
£10,000+ 1 Year	7.50	5.625	7.5	Yearly
£5,000 + Fixed Rate Bd 2 Yrs	8.00	6.00	7.7	-
Fidelity Money Market Account				
Fidelity Brokerage Services Ltd, Oakhill House, Hildenborough, Kent TN11 9DZ				
£1-£49,999	3.75	2.81	3.80	Qtr
£50,000-£249,999	4.25	3.187	4.32	Qtr
£250,000-£499,999	4.875	3.6562	4.96	Qtr
£500,000+ Money Market Rates on request				
Gartmore Money Management Ltd 071-238 1425				
16-18 Monument St London EC3R 8QQ				
HICA £10,000 +	3.75	2.81	3.80	3-Mth
Halifax Bldg Soc Asset Reserve Cheque Acc 0422 335333				
Trinity Road, Halifax HX1 2RG				
Rates for personal customers				
£50,000 and above	5.60	4.20	5.72	Qtr
£25,000 to £49,999	5.25	3.94	5.35	Qtr
£10,000 to £24,999	4.90	3.68	4.99	Qtr
£5,000 to £9,999	4.25	3.19	4.32	Qtr
Rates for non-personal customers				
£50,000 and above	5.25	3.94	5.35	Qtr
£25,000 to £49,999	4.75	3.56	4.84	Qtr
£10,000 to £24,999	4.50	3.38	4.58	Qtr
£5,000 to £9,999	4.25	3.19	4.32	Qtr
Julian Hodge Bank Ltd 0222 220800				
10 Windsor Place Cardiff CF1 3BX				
6 Mth Fixed Rate Deposit Acc	6.00	4.50	6.09	-
3 Mth Fixed Rate Deposit Acc	5.75	4.31	5.88	-
1 Mth Fixed Rate Deposit Acc	5.75	4.31	5.90	-
Humberclyde Finance Group 0256 760000				
8 Burley Way, Hook, Basingstoke				
£50,000+	5.25	3.94	5.35	Qtr
Leopold Joseph & Sons Limited 071-588 2323				
29 Gresham Street, London EC2V 7EA				
Treasury High Interest Cheque Account				
£25,001-£100,000	4.50	4.6000	3.3750	Qtr
£100,001 plus	4.75	4.8400	3.5630	Qtr
Kleinwort Benson Ltd 071-287 1588				
138 Kentish Town Rd, London NW5 2BT				
H.I.C.A. (£2,500+)	4.25	3.187	4.329	Daily
Kleinwort Benson Private Bank				
(a division of Kleinwort Benson Investment Management Ltd)				
158 Kentish Town Road, London NW5 2BT 071-287 1588				
H.I.C.A. (£2,500+)	4.25	3.187	4.329	Daily
Lloyds Bank – Investment Account 0272 433372				
71 Lombard St, London EC3P 3BS				
£100,000 and above	5.50	4.13	5.50	Yearly
£50,000+	5.15	3.86	5.15	Yearly
£25,000+	4.95	3.71	4.95	Yearly
£10,000+	4.75	3.56	4.75	Yearly
Midland Bank plc 0742 529394				
PO Box 2, Sheffield.				
Exchequer Acc £5000+.	3.75	2.81	3.75	Yearly
£10,000+	4.50	3.37	4.50	Yearly
£25,000+	5.00	3.75	5.00	Yearly
£50,000+	5.75	4.31	5.75	Yearly
TESSA	5.25	-	5.25	Yearly
Nationwide Bldg Soc – Businessinvestor				
Business High Interest Cheque Account				
Pipers Way, Swindon L, SN38 1NP 0800 335599				
£2,000-£4,999	3.30	2.48	3.34	Qtr
£5,000-£9,999	3.80	2.85	3.85	Qtr
£10,000-£24,999	4.30	3.23	4.37	Qtr
£25,000-£49,999	4.80	3.60	4.89	Qtr
£50,000+	5.30	3.98	5.41	Qtr
Portman Bldg Soc Prestige Cheque Account 0800 663663				
Richmond Hill, Bournemouth, BH2 6EP				
£50,000+	5.50	4.13	5.50	Yearly
£30,000-£49,999	5.00	3.75	5.00	Yearly
£20,000-£29,999	4.50	3.38	4.50	Yearly
£10,000-£19,999	3.50	2.63	3.50	Yearly
£2,500-£9,999	2.50	1.88	2.50	Yearly
Rea Brothers Limited, Bankers 071-623 1155				
Alderman's Walk, London EC2M 3XR				
Professionals' Client Account	4.75	3.56	4.85	Mth
Professionals' Office Account	4.50	3.38	4.58	Mth
£2500+ Instant Access Chq Ac	4.25	3.19	4.32	Qtr
Royal Bank of Scotland plc Premium Acc 031-523 8302				
42 St Andrew Sq, Edinburgh EH2 2YE.				
£50,000+	4.50	3.38	4.56	Qtr
£25,000 - £49,999	4.10	3.08	4.16	Qtr
£10,000 - £24,999	3.50	2.63	3.55	Qtr
£5,000 - £9,999	2.00	1.50	2.02	Qtr
£2,000 - £4,999	1.50	1.13	1.51	Qtr
Save & Prosper/Robert Fleming 0800 282101				
16-22 Western Rd, Romford RM1 3LB.				
Client Account	4.00	3.00	4.06	Daily
TESSA Fixed 1 Year	4.05	-	4.125	Mth
TESSA Variable	4.25	-	4.75	Mth
Tyndall Bank plc 0272 744720				
29-33 Princess Victoria St, Bristol				
HIMA £5000+/Master Plus	3.750	2.813	3.803	Qtr
DemandHIMA (£5000+)/CHQ.	3.875	2.906	3.932	Qtr
HIMA £50000+	4.000	3.000	4.060	Qtr
HIMA £100000+	4.125	3.094	4.189	Qtr
Tyndall TESSA	4.500	-	4.577	Qtr
ULC Trust Limited 071-258 0094				
1 Great Cumberland Pl, London W1H 7AL				
£10,000-90 day notice	7.00	5.25	7.19	3-Mth
£10,000-180 day notice	7.75	5.81	7.90	6-Mth
£25,000 – 1 Year	7.50	5.63	-	Yearly
United Dominions Trust Ltd				
PO Box 92, 116 Cockfosters Rd, Barnet, Herts, EN4 0DY				
Capital Plus Cheque Account				
£1,000+	4.75	3.56	4.84	Qtr
J. Henry Schroder Wagg & Co Ltd 071-382 6000				
120 Cheapside, London EC2V 6DS				
Special Acc.	4.500	3.380	4.570	Mth
£10,000 and above	4.750	3.560	4.830	Mth
Western Trust High Interest Cheque Acc 0752 224141				
The Moneycentre, Plymouth PL1 1SE				
£15,000+	5.00	3.75	5.09	Qtr
£5,000-£14,999	4.75	3.56	4.84	Qtr
£1,000-£4,999	4.50	3.38	4.58	Qtr
Wimbledon & South West Finance PLC 071-606 9485				
114 Newgate St, London EC1 7AE				
High Int Cheque Acc	4.50	3.38	4.58	Qtr

NOTES – Gross: Contractual rate of interest payable, not taking account of the deduction of basic rate income tax. Net: Rate of interest payable after allowing for deduction of basic rate income tax. Gross CAR: Gross rate annualised to take account of compounding of interest paid other than once a year. 'Compounded Annual Rate'. Int Cr: Frequency at which interest is credited to the account.

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DENMARK (Feb 14 / Kr)

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FINLAND (Feb 14 / Mks)

[illegible]

FRANCE (Feb 14 / Frs.)

[illegible]

GERMANY (Feb 14 / Dm.)

[illegible]

ITALY (Feb 14 / Lire)

[illegible]

NETHERLANDS (Feb 14 / Fls.)

[illegible]

NORWAY (Feb 14 / Kroner)

[illegible]

SPAIN (Feb 14 / Pts.)

[illegible]

SWEDEN (Feb 14 / Kroner)

[illegible]

SWITZERLAND (Feb 14 / Frs.)

[illegible]

PACIFIC

JAPAN (Feb 14 / Yen)

[illegible]

HONG KONG (Feb 14 / H.K.$)

[illegible]

MALAYSIA (Feb 14 / MYR)

[illegible]

SINGAPORE (Feb 14 / S$)

[illegible]

AUSTRALIA (Feb 14 / Aust$)

[illegible]

NORTH AMERICA

CANADA

TORONTO (Feb 14 / Can $)

4 pm close

[illegible]

MONTREAL (Feb 14 / Can $)

4 pm close

[illegible]

AFRICA

SOUTH AFRICA (Feb 14 / Rand)

[illegible]

Prices supplied by Telekurs

NOTES - Prices on this page are as quoted on the individual exchanges and are mostly last traded prices. Highs/Lows are 1993-94, except Toronto & Montreal (daily). § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

FT FREE ANNUAL REPORTS SERVICE [illegible]

■ TOKYO - MOST ACTIVE STOCKS: Monday, February 14, 1994

	Stocks Traded	Closing Prices	Change on day		Stocks Traded	Closing Prices	Change on day
Hitachi	8.0m	910	+10	Matsushita El Ind	3.3m	1,700	-20
Fujitsu	7.9m	1,000	-50	Shindengen Elec	3.3m	1,080	+30
Toshiba	5.6m	749	+3	Sumitomo Mtl Mn	3.3m	910	+31
Nippon Steel	3.9m	348	-1	NEC	3.1m	1,020	-20
Mitsubishi Hvy	3.6m	696	-5	Nitsuko	3.0m	1,530	-70

INDICES

	Feb 14	Feb 11	Feb 10	1993/4 High		1993/4 Low	
Argentina							
General (29/12/77)	(u)	23850.6	24220.3	25093.60	9/2/94	12167.65	8/3/93
Australia							
All Ordinaries(1/1/80)	2238.6	2241.4	2234.3	2340.60	3/2/94	1495.00	13/1/93
All Mining(1/1/80)	1049.6	1058.3	1068.1	1138.10	3/2/94	584.70	13/1/93
Austria							
Credit Aktien(30/12/84)	449.24	450.39	455.41	460.66	2/2/94	308.26	14/1/93
Traded Index(2/1/91)	1178.72	1181.84	1202.90	1222.25	1/2/94	712.88	15/1/93
Belgium							
BEL20 (1/1/91)	1519.81	1527.50	1535.60	1542.85	9/2/94	1125.46	4/1/93
Brazil							
Bovespa (29/12/83)	(c)	10354.0	10009.0	10354.00	11/2/94	71.47	4/1/93
Canada							
Metals Minls(1975)	(u)	3609.361	3720.86	3694.93	1/2/94	2743.31	21/1/93
Composite (1975)	(u)	4405.60	4441.97	4591.30	1/2/94	3275.80	21/1/93
Portfolio§§ (4/1/83)	(u)	2065.48	2085.03	2182.89	1/2/94	1729.87	21/1/93
Chile							
IPGA Gen (31/12/80)	(u)	4625.1	4699.7	4867.80	4/2/94	2612.59	10/5/93
Denmark							
CopenhagenSE(3/1/83)	405.71	404.86	407.14	415.79	2/2/94	261.98	4/1/93
Finland							
HEX General(28/12/90)	1893.2	1901.2	1933.6	1972.00	4/2/94	843.19	22/1/93
France							
SBF 250 (31/12/90)	1516.78	1534.11	1549.43	1586.20	2/2/94	1114.19	28/1/93
CAC 40(31/12/87)	2243.16	2275.09	2298.77	2355.93	2/2/94	1772.21	29/1/93
Germany							
FAZ Aktien(31/12/58)	814.90	812.20	817.06	858.57	4/1/94	598.92	14/1/93
Commerzbank(1/12/53)	2329.4	2322.5	2339.8	2459.00	4/1/94	1694.30	14/1/93
DAX (30/12/87)‡	2116.01	2090.61	2118.96	2267.98	3/1/94	1516.50	13/1/93
Greece							
Athens SE(31/12/80)	1018.55	1061.57	1068.33	1134.58	18/1/94	667.72	5/1/93
Hong Kong							
Hang Seng(31/7/64)	10988.61	(c)	(c)	12201.09	4/1/94	5437.80	4/1/93
India							
BSE Sens.(1979)	3911.6	3991.3	4039.9	4162.00	8/3/94	2180.67	23/4/93
Indonesia							
Jakarta Comp.(10/8/82)	596.75	598.62	593.47	612.68	5/1/94	273.31	5/1/93
Ireland							
ISEQ Overall(4/1/88)	1972.33	1967.98	1992.51	2082.16	20/1/94	1181.19	11/1/93
Italy							
Banca Comm Ital (1972)	(u)	680.71	679.83	689.71	11/2/94	446.33	6/1/93
MIB General (4/1/94)	1094.0	1089.0	1087.0	1094.00	14/2/94	944.00	10/1/94
Japan							
Nikkei 225 (16/5/49)	19459.25	(c)	19990.70	21148.11	13/9/93	16078.71	29/11/93
Nikkei 300 (1/10/82)	292.41	(c)	296.81	305.94	10/11/93	249.84	29/11/93
Topix (4/1/68)	1581.98	(c)	1608.14	1698.67	3/9/93	1258.06	25/1/93
2nd Section (4/1/68)	2133.13	(c)	2150.97	2384.97	7/6/93	1651.72	28/1/93
Malaysia							
KLSE Comp.(4/4/86)	1093.30	(c)	(c)	1314.46	5/1/94	614.28	13/1/93
Mexico							
IPC (Nov 1978)	(u)	2802.06	2818.44	2881.17	8/2/94	1504.15	25/2/93
Netherland							
CBS TRtnGen(End 83)	447.7	452.7	452.0	464.80	31/1/94	295.70	4/1/93
CBS All Shr (End 83)	290.2	293.4	293.0	294.80	31/1/94	188.60	13/1/93
New Zealand							
Cap. 40 (1/7/86)	2319.70	2349.50	2363.88	2439.64	3/2/94	1495.37	21/1/93
Norway							
Oslo SE(Ind)(2/1/83)	1167.68	1167.09	1176.01	1204.17	4/2/94	669.93	27/1/93
Philippines							
Manila Comp (2/1/85)	3008.74	3040.90	3013.76	3368.37	4/1/94	1270.88	4/1/93
Portugal							
BTA (1977)	3141.8	3153.4	3158.6	3158.60	10/2/94	1608.29	14/1/93
Singapore							
SES All-S'pore(2/4/75)	601.49	(c)	(c)	641.61	4/1/94	394.10	13/1/93
South Africa							
JSE Gold (28/9/78)	1749.0♥	1817.0	1870.0	2331.00	4/1/94	775.00	5/1/93
JSE Indl. (28/9/78)	5544.0♥	5640.0	5700.0	5832.00	4/2/94	4333.00	19/4/93
South Korea							
KoreaCompEx(4/1/80)**	901.38	(c)	(c)	974.28	2/2/94	686.93	8/3/93
Spain							
Madrid SE (30/12/85)	345.82	347.96	351.30	358.31	31/1/94	215.96	4/1/93
Sweden							
AffarsvardeGen (1/2/37)	1516.2	1512.5	1533.5	1683.96	31/1/94	879.10	28/1/93
Switzerland							
Swiss Bk Ind (31/12/58)	1331.18	1345.27	1360.64	1423.34	31/1/94	904.80	11/1/93
SBC General (1/4/87)	1024.57	1033.04	1045.32	1083.29	31/1/94	678.70	11/1/93
Taiwan							
WeightedPr.(30/6/66)**	278.87	(c)	(c)	6454.52	6/1/94	278.87	14/2/94
Thailand							
Bangkok SET (30/4/75)	1422.20	1416.34	1410.53	1753.73	4/1/94	818.84	1/8/93
Turkey							
Istanbul Comp.(Jan 1986)	15069.3	13963.7	14087.8	20683.60	13/1/94	3965.53	1/1/93
WORLD							
MS Capital Int (1/1/70)	623.8*	621.2	621.4	641.08	1/2/94	488.60	13/1/93
CROSS-BORDER							
Eurotrack 100(26/10/90)	1477.57	1487.36	1489.22	1549.19	31/1/94	1083.82	13/1/93
Euro Top-100 (26/6/90)	1257.48	1269.25	1275.78	1311.81	2/2/94	882.73	13/1/93
JCapelDrgns (31/12/88)	(u)	383.33	382.98	395.19	5/1/94	188.92	4/1/93
Barings Emerg.(7/1/92)	(u)	182.71	181.58	182.71	11/2/94	99.81	4/2/93

Korea Comp Ex 917.15. Base values of all indices are 100 except Australia All Ordinary and Mining - 500; Austria Traded, BEL20, HEX Gen., MIB Gen., SBF250, CAC40, Euro Top-100, ISEQ Overall, Toronto Comp./Metals & Minerals and DAX - all 1,000; JSE Gold - 255.7; JSE 20 Industrials - 264.3; NYSE All Common - 50 and Standard and Poor's - 10. §§ Montreal. ♦ Toronto. (c) Closed. (u) Unavailable. ‡ IBIS/DAX after-hours index: Feb 14 - 2101.83 -6.84.
** Sat Feb 12: Taiwan Weighted Price (c) ;

† Correction. * Calculated at 15.00 GMT. ● Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. ♦ The DJ Indl. index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's highs and lows (supplied by Telekurs) represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's). ♥ Subject to official recalculation.

■ CAC-40 STOCK INDEX FUTURES (MATIF)

	Open	Sett Price	Change	High	Low	Est. vol.	Open int.
Feb	2293.0	2261.0	-33.0	2294.0	2248.0	22,400	22,278
Mar	2303.5	2262.5	-33.0	2308.0	2261.0	3,015	46,812
Jun	2279.5	2273.5	-33.0	2282.5	2279.0	40	2,483

Open interest figures for previous day.

US INDICES

Dow Jones	Feb 11	Feb 10	Feb 9	1993/4 High	1993/4 Low	Since compilation High	Since compilation Low
Industrials	3894.78	3895.34	3931.92	3978.36 (31/1/94)	3241.95 (20/1/93)	3978.36 (31/1/94)	41.22 (2/7/32)
Home Bonds	104.79	104.79	104.92	109.77 (18/10/93)	103.49 (11/1/93)	109.77 (18/10/93)	54.99 (1/10/81)
Transport	1803.14	1815.50	1834.70	1862.29 (2/2/94)	1453.84 (4/1/93)	1862.29 (2/2/94)	12.32 (8/7/32)
Utilities	216.91	215.40	218.96	256.46 (31/8/93)	215.40 (10/2/94)	256.46 (31/8/93)	10.50 (8/4/32)

DJ Ind. Day's high 3930.95 (3953.56) Low 3855.94 (3882.96) (Theoretical♦)
Day's high 3908.57 (3938.40) Low 3867.48 (3894.21) (Actual♦)

Standard and Poors	Feb 11	Feb 10	Feb 9	1993/4 High	1993/4 Low	Since compilation High	Since compilation Low
Composite ‡	470.18	468.93	472.77	482.00 (2/2/94)	429.05 (8/1/93)	482.00 (2/2/94)	4.40 (1/6/32)
Industrials♥	548.96	547.99	551.79	559.69 (2/2/94)	486.48 (26/4/93)	559.69 (2/2/94)	3.62 (21/6/82)
Financial	44.39	44.30	44.69	48.40 (28/9/93)	39.89 (8/1/93)	48.40 (28/9/93)	8.64 (1/10/74)
NYSE Comp.	261.31	261.04	262.90	267.71 (2/2/94)	236.21 (8/1/93)	267.71 (2/2/94)	4.46 (25/4/42)
Amex Mkt Val	477.23	478.13	480.59	487.89 (2/2/94)	395.84 (8/1/93)	487.89 (2/2/94)	29.31 (9/12/72)
NASDAQ Comp	781.39	783.42	786.53	800.47 (31/1/94)	645.87 (26/4/93)	800.47 (31/1/94)	54.87 (31/10/72)

■ RATIOS

	Feb 4	Jan 28	Jan 21	Year ago
Dow Jones Ind. Div. Yield	2.62	2.57	2.59	3.01
	Feb 9	Feb 2	Jan 26	Year ago
S & P Ind. Div. yield	2.35	2.32†	2.35	2.46
S & P Ind. P/E ratio	28.07	28.51	27.99	27.44

■ STANDARD AND POORS 500 INDEX FUTURES $500 times index

	Open	Latest	Change	High	Low	Est. vol.	Open int.
Mar	470.20	469.90	-0.10	470.30	466.80	69,093	182,695
Jun	-	-	-	-	-	-	-
Sep	-	-	-	-	-	-	-

Open interest figures are for previous day.

■ NEW YORK ACTIVE STOCKS

Friday	Stocks traded	Close price	Change on day
Telefonos	4,287,200	73	-½
ColombiaHCA	4,132,900	38⅝	-1⅞
Gen Motors	3,481,300	61⅛	-1⅛
WMX Tech	2,989,600	24⅝	+½
Chrysler	2,698,900	59	-¾
Ford Motor	2,354,100	65⅛	-¾
Merck	2,129,800	34⅞	—
Glaxo	2,063,200	18⅝	+⅜
IBM	1,983,600	53⅝	+⅜
CML	1,935,700	20⅛	+¼

■ TRADING ACTIVITY

● Volume (million)	Feb 11	Feb 10	Feb 9
New York SE	211.801	325.755	332.587
Amex	12.127	21.551	22.532
NASDAQ	(u)	339.294	330.194
NYSE			
Issues Traded	2,677	2,727	2,727
Rises	819	812	1,277
Falls	1,198	1,306	844
Unchanged	660	609	606
New Highs	36	80	98
New Lows	50	54	48

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Continued from previous page

52Wk High	52Wk Low	Stock	Div	Yld %	PE	Sls 100s	High	Low	Close	Chge
34⅜	13½	SflyHd	0.36	2.3	34	1401	16⅛	15½	15⅝	+⅛
22⅞	10⅞	Safeway			22	2600	22⅝	22	22½	+⅜
5¼	2	SafewayWI96				269	5⅛	4⅞	5⅛	+⅛
55½	37½	StJudePaper	0.20	0.4	286	9	54½	54¼	54½	
37⅝	28	StJoeL&P	1.80	6.2	14	8	29⅛	29¼	29¼	-⅛
88	75	StPaul	3.00	3.7	8	1205	81¼	80⅝	80½	-⅛
11⅜	6½	Salant Cp			9	63	8	7⅞	7⅞	
75¼	39⅝	Sallie Mae	1.40	2.9	9	946	48⅜	47⅝	48¼	+⅜
14⅜	12⅝	Salomon Br	0.55	4.1		638	13½	13¼	13⅜	+⅛
57⅜	34	Salomn	0.64	1.3	8	2190	49¾	48	49⅜	+⅜
27⅞	22⅞	SrDtgSE	1.48	6.3	12	447	23½	23¼	23⅜	+⅛
11⅞	8⅛	SantaFeEgRs	0.16	1.8	3304	799	9¼	9	9⅛	-⅛
40⅜	35⅜	SantaFePac	2.80	7.1	18	87	39½	39	39½	+⅜
26¼	12⅜	SanFeP	0.10	0.4	12	7367	23¾	23⅜	23	+⅛
31⅞	21	SaraLee	0.64	2.9	14	17429	22¼	21½	22	+⅛
52¼	40⅜	Scana Corp	2.76	5.9	12	182	46⅞	46⅝	46⅝	+⅛
25⅜	18⅜	Scecorp	1.42	7.5	13	2578	19	18⅞	19	
40½	23⅞	SchererRP			29	982	38¼	37⅞	38	+⅛
71	51¾	SchrPl	1.80	3.0	14	5530	62	60	60⅜	-⅛
68⅞	54⅝	Schlmb	1.20	2.1	23	4960	58⅛	57½	57½	-⅜
38⅜	16½	SchwabCl	0.28	1.0	13	2001	27¾	27	27⅜	-⅛
9⅝	5⅜	Schwitzer			135	81	9½	9⅜	9½	
38⅞	17¾	SciAtl	0.12	0.4	54	2201	27	26½	27	+⅜
15¾	9⅛	Scotman	0.10	0.7	14	9	n15¼	15½	15¼	+¼
46⅜	31	ScottP	0.80	1.8	11	1032	45	44⅜	44½	-⅛
29⅝	14⅛	ScrpIntNwF	0.27	1.1		267	25⅝	24¾	24¾	-1⅛
12⅛	7½	ScrpIntNwF	0.16	1.4		292	11⅝	11½	11½	
31½	16⅛	SeaCnG	0.70	4.0	8	6	17½	17⅜	17½	+⅛
17	15	SeaCt.4625	1.46	9.1		5	16⅛	15⅞	16⅛	+⅛
31	24½	Seagrm	0.56	2.0	36	5493	28¼	28	28¾	+⅛
32⅝	15	SeagalEn			34	1689	27⅜	26½	26½	-½
32	21	SealedAir			22	68	29½	29⅛	29⅜	
80½	42⅝	SearsR	1.60	3.3	7	13843	48⅝	47¾	47⅞	-⅛
13¾	12⅝	Seligm Sel	0.84	6.3		79	13¾	13¾	13¾	
36⅜	20	Sensormat	0.22	0.6	38	1822	u37⅜	36¾	36¾	
39¾	18	SequesA	0.60	1.5	8	18	39½	38¾	39⅛	
40¼	17¾	Sequsb	0.56	1.3	20	6	39¾	38¾	38¾	
28⅜	17⅝	ServCp	0.40	1.6	21	521	u26⅝	26⅜	26⅝	
31	17¾	Sfelder	0.80	3.5	13	1168	26⅜	26	26⅜	
25½	14¼	Shaw Ind	0.22	1.1	23	4656	19½	19¼	19¾	
25⅜	17⅜	ShawmutNt	0.80	3.6	30	2044	22¼	21⅞	22¼	
14⅜	10⅛	Shelby Wil	0.28	2.1	29	26	14	13½	13⅝	
66⅝	48	ShellTr	2.37	3.7	20	723	64⅞	64⅝	64⅝	
37½	26⅞	SherW	0.56	1.5	18	419	34½	34⅜	34⅜	
25⅝	16½	Shoneys			15	1882	23½	22¾	23	
17⅝	12⅝	Shorebcast	0.10	0.6	20	297	18⅛	18	18	
22¾	18⅝	Sierra Pac	1.12	5.8	11	355	19¼	18⅝	18⅝	-⅛
14⅜	8⅜	SignalApp			40	1107	9⅜	9⅛	9⅜	
38⅝	21½	Signet Bnk	1.00	2.7	13	521	37½	37	37½	
26	11¾	SilkonGr			31	4706	25⅜	24¾	24½	
15½	10⅝	Silzaler	1.08	8.4	34	117	13	12¾	12⅞	
10⅞	7	Sizzler	0.16	1.8	64	505	9⅛	8½	9	
23	16⅛	Skyline	0.48	2.3	19	147	21⅞	20⅝	21⅛	
4¼	3	SL Inds	0.06	1.5	13	18	3⅞	3¾	3¾	
21¼	3⅝	SmithCorp	0.20	3.1	79	616	6½	6¼	6¼	
17¼	7⅜	SmithIn			13	1362	10	9⅝	9⅝	
38⅝	27⅞	SKBrchA	0.94	3.1	15	101	30⅞	29⅞	30¼	
34⅜	25¼	SKBrdgS	0.94	3.4		2366	28½	27¾	28	
37¼	19	Smiths Fd	0.52	2.2	15	274	23½	23¼	23½	
32⅜	20¼	Smucker J	0.48	1.9	19	107	24⅜	24½	24½	
44½	30½	SnpOnT	1.08	2.6	20	513	42	41⅝	42	
23	10	Snyder Oil	0.24	1.3	23	457	18⅞	18⅝	18⅝	
33⅞	18½	Solectron			33	4646	u34	32	32	
39½	21¼	Sonat	1.08	3.5	10	1201	31⅜	31	31⅛	
32	22	Sony	0.47	0.8	53	1511	57½	56⅜	56⅝	-1⅛
17⅜	10⅜	Sotheblys	0.24	1.4	83	333	17	16⅞	16⅞	
49¼	42⅜	Source Cap	3.60	8.2		62	44⅛	43⅝	43⅝	-½
51½	35⅝	SouthCarS%	2.50	6.3		2	39½	39½	39½	
27½	21¼	SthJersInd	1.44	6.2	14	18	23¼	23¼	23¼	
28½	9⅝	Shdwn	0.50	1.8	90	579	27⅜	27⅛	27⅛	
24⅝	19	SCalNrt	1.20	6.2	10	81	19⅝	19½	19⅝	
23½	18½	SthWstCp	0.88	3.6	8	396	19¼	18⅞	19	
47¼	37	StnnCo	2.36	5.8	13	3393	40⅞	40¾	40⅞	
35½	29¾	SouthndE	1.65	5.5	12	19	30¼	29⅝	29⅝	
31⅞	17¾	SNETel	1.76	5.4	47	776	33	32¾	32¾	
36	19¼	SPMRK	0.04	0.1	24	4257	38¾	38¼	38⅝	
18½	13⅜	SouthWtGas	0.76	4.3	21	86	18⅜	18¼	18¼	
21⅞	12	SouthWEngy	0.24	1.4	17	297	17⅞	17½	17⅝	
33½	28⅜	SouthWnPSv	2.20	7.6	11	454	29½	29	29¼	
12¾	7⅞	Spain Fund	0.46	4.1		142	11⅜	11¼	11¼	
7½	5	Spartan Cp			12	14	6⅜	6¼	6¼	
21⅝	15½	SpheroD	0.12	0.7		30	16⅜	16½	16⅜	
49	33½	Spring	1.20	3.1	14	116	38½	38	38¼	
40¼	25½	Sprint	1.00	2.8	25	3257	37⅜	35½	36¾	-⅛
18⅞	15	SPX	0.40	2.5	20	435	16¼	15¾	16¼	
32⅝	13	Std Comm	0.40	2.7	7	27	15	14⅞	15	
28⅞	13¼	Std Motor	0.32	1.4	16	357	23⅝	22¾	23½	
26⅜	19⅜	StandPacUt	1.92	7.7	11	1167	25	24¾	24¾	
39⅛	25⅜	StdPrd	0.64	1.7	18	372	37⅝	37	37¼	
27⅜	18½	Standex	0.52	1.9	16	56	26⅞	26⅝	26⅝	
35½	25⅝	Stanhome	1.00	2.8	21	510	u35¼	34⅝	35¼	
47⅞	37⅜	StnWk	1.36	3.1	21	175	44¼	43¾	43¾	
25⅛	22¾	Starrett	0.68	2.8	22	86	25	24½	24½	
12¼	10⅝	State Mutl	0.88	8.1		35	10⅞	10¾	10⅝	
32½	18½	StatFedBk	0.60	2.1	7	604	28½	28	28⅜	
9⅛	6⅞	StarrigBcrp	0.20	2.8	7	3	7¼	7¼	7¼	
45½	27¾	StarrigChem	0.06	1.4	36	2048	36¾	34¾	36¼	
35⅜	17⅜	StarrigSwre			21	102	32½	32½	32½	
10⅜	6½	Stifel Fin	0.12	1.3	4	123	9¼	9	9⅛	
30⅞	21¼	Stone&Web	0.80	2.0	109	55	30½	30	30	
19½	6½	Stone Cont	0.71	4.6	3	7918	15½	14⅝	15⅜	
28½	16⅜	Stop Shop			20	438	23¾	22⅞	23⅜	
15⅜	8⅜	StrGpr	0.84	5.7	16	260	14¾	14¼	14¾	
43	18	StrTch			11	3352	36¼	35	35¼	
41¼	20¼	Stratus			43	481	30¼	29¼	30¼	
23½	12¾	StrideRite	0.28	2.4	13	1468	11⅝	11¾	11⅝	
32	19¼	Sturm Ruger	1.20	4.2	15	115	29⅜	28¾	28⅞	
5.55	3¼	Suave Shoe	0.30	8.6	1	16	3½	3½	3½	
11⅞	9¼	Sun Dis A	1.10	10.6	10	47	10½	10¾	10⅜	
4⅞	3	Sun Dis B	0.11	2.4	4	84	4¼	4⅜	4⅜	
9⅛	6	Sun Energy	0.32	4.5	47	196	7⅜	7	7⅛	
45½	27¼	Sunamr	0.40	1.0	13	1400	39⅝	38	39¼	
45⅜	35	Sndstr	1.20	2.7	17	4102	45¼	45	45⅛	
9⅜	1¼	SunshinePt	1.19	13.4		105	9	8⅞	9	
3⅝	1	SunshM				5514	2⅝	2⅝	2⅝	
49¾	41⅞	Sunstd	1.28	2.8	12	323	45¼	44⅞	45¼	
14	9¼	Super Food	0.36	2.8	14	86	12⅞	12¾	12¾	
49⅞	18½	Superior	0.12	0.3	32	900	44¼	42¾	44⅛	
40½	29½	Supval	0.88	2.2	15	1164	39⅞	38⅝	39⅜	
28⅜	14	Surg Care	0.18	0.9	21	275	19	18½	18¾	
23⅞	13⅝	Swiss Helv	0.06	0.4		198	22¾	22½	22½	
19¾	11¾	Symbol Tec			24	897	18	16¾	17	
11½	8¼	Symn Corp			11	10	8¾	8½	8¾	
20½	15	Synovus Fn	0.37	2.2	15	81	17¾	17⅛	17⅜	
23⅜	13⅜	Syntex	1.04	7.3	7	4908	14½	14¼	14¼	
31	22¼	Sysco	0.36	1.3	23	4845	27½	26⅞	27¼	+⅛

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9½	5⅜	TCBY Enter	0.20	3.3	24	66	6¼	6	6⅛	
40	27¾	TCF Financ	1.00	3.4	9	455	29⅞	29⅜	29¾	+⅛
10⅝	8¾	TCW Conv S	0.84	8.7		409	9⅝	9⅝	9⅝	
42	25⅝	TDK Corp A	0.47	1.2	40	28	39¾	39¾	39¾	+⅛
3¼	1½	TLS Mtge	0.20	10.0	0	219	2	1⅞	2	
34½	24½	TJX	0.57	1.8	17	2697	28	27⅝	27⅝	+⅛
19½	14⅝	TMP Entsrp	1.63	8.8	18	189	18⅝	18¼	18½	+⅛
77⅜	52½	TRW	1.88	2.5	22	2307	73¾	72½	73¼	+⅜
25⅞	6¼	T2 Medcl	0.10	1.4	6	2234	7½	7¼	7¼	-⅛
39¼	17⅛	Taiwan Fd				602	31¼	30⅜	31	-⅛
9	3⅜	Talleyind	0.42	6.3	51	84	7	6¾	6¾	-⅛
14½	6¼	Talley Pf	1.00	8.0		7	12½	12½	12½	+⅛
65	39½	Tandnbrs	1.68	3.8	22	2888	43⅜	42⅝	43⅛	
16⅝	6⅝	Tandem			2	1564	13½	13¼	13⅜	
50⅜	26⅝	Tandy	0.60	1.3	256	3363	46½	44⅝	45⅜	-1⅛
13½	11⅞	Taurus Man	0.72	6.4		20	11⅜	11¼	11⅜	
25⅜	19⅜	Tecn Emerg	0.96	4.7	15	1038	21	20½	20⅝	
29¼	20¼	Tdmrx	0.60	2.3	15	529	26⅜	26	26¼	
5	1⅛	Telecon				38	65	3⅜	3⅜	
27¾	18½	Teletyp	0.80	3.6	16	454	22⅜	22	22¼	+⅛
46½	29½	TeleEspSA	1.05	2.4	8	1807	43⅜	42⅝	43⅜	+⅛
76	44⅜	Telmex	0.96	1.3	152	2536	75	73¾	73¾	-1⅛
54⅜	37½	Tmplnd	1.00	2.0	42	748	50⅞	50¼	50⅝	+⅛
30⅝	14⅜	TempleEmrEx	0.17	0.6		461	27½	26⅞	26⅞	+⅛
9⅜	7⅜	TempleGlob	0.80	7.9		538	7¾	7½	7⅝	
9	7½	TecspIntSrd	0.60	7.7		1423	7¾	7⅝	7¾	
58⅜	39⅛	Tenecn	1.60	2.8	22	5636	57⅜	56⅝	57	
29½	21⅜	Teppco Pts	2.28	7.7	11	188	u29⅝	29½	29½	
30	13	Teradyne			29	3092	29⅝	29¼	29½	
11⅞	6⅛	Teres	0.06	0.7	1	34	8½	8¼	8⅜	
8¾	3½	Terra Inds	0.08	1.0	25	1737	8⅝	7⅞	8⅛	
11⅜	3	Tesoro			19	501	11⅜	10⅜	10⅜	
69½	57⅝	Texaco	3.20	4.8	14	3687	67⅜	66⅝	66⅝	
63⅝	50½	Texaco C	3.00	5.8		11	51⅝	51¼	51⅝	
36⅝	21½	Texas Ind	0.20	0.6	42	292	34	33⅝	34	
84⅛	45⅞	Telecr	0.72	1.0	14	2013	74	72⅞	73½	
21½	16⅜	Texas Pac	0.48	1.9	25	7	25⅛	24⅞	25⅛	+⅛
49¼	37	TxUtil	3.08	8.2	18	2794	38¼	37⅝	37⅞	
9	3¼	Text Inds	1.10	28.4	4	61	3⅝	3⅜	3⅜	+⅛
60⅝	40⅜	Texrn	1.24	2.1	14	1080	59½	58½	59½	+⅜
4¾	3¼	Thackeray			66	4	4	4	4	
24⅝	10⅝	Thai Cap	0.35	1.8		376	19¼	18⅞	18⅞	
37⅜	18¼	Thal Fund	0.28	0.9		370	31¼	30¾	31¼	
44⅜	31¼	ThermoElec	0.12	0.3	24	3152	44	41⅞	41⅞	
28¾	15¼	Thiokol	0.68	2.4	9	457	28⅝	28	28⅛	
72	57	ThBetr	2.24	3.5	20	1616	63¾	62¾	63¼	
15⅜	9⅛	Thomas Ind	0.40	2.6	37	64	u15½	15¼	15⅜	
34⅛	17⅜	Thomsen Ad	2.00	5.9	14	44	33¾	33¾	33¾	
27	16⅜	Tibbtr	0.48	1.8	24	800	27½	27	27¼	
38	24⅛	Tiffany	0.28	0.9	24	452	29⅞	29⅝	29⅝	
48⅞	28¼	TimWren	0.32	0.8	51	6724	38⅝	38	38⅛	
37⅛	28¼	TmsMir	1.08	3.1	27	1076	34⅝	34⅜	34⅜	
37½	28½	Timken	1.00	2.8	63	623	36⅞	36¼	36¼	
4½	2	TitanCp			4	341	4	4	4	
13⅜	10¼	Titan Pl	1.00	8.5		x100	11¾	11¾	11¾	
4	4	Todd Shp			2	26	4¼	4¼	4¼	
15½	6⅝	Tidewtr Co	0.56	4.3	12	30	13⅛	13	13	
28	25⅜	Toledo$2.81	2.81	10.3		11	27¼	27	27¼	
19⅝	8⅞	Toll Bros			19	1374	16⅝	15¾	15⅞	
83⅜	64½	Tootsie Rl	0.38	0.5	22	15	75	73½	75	+1
64⅜	41⅜	Tchsrk	1.12	2.4	13	1342	48¼	45¼	46	
28⅝	16½	Toro Corp	0.48	1.7	23	785	28⅜	28¼	28¼	
35	18⅞	Tosco	0.60	1.8	13	1228	33⅜	32¾	32¾	
23	14½	TotalSyst	0.14	0.5	42	12	26⅝	26⅜	26⅜	
42⅝	23⅜	TysFdA			23	5393	35⅝	35	35⅛	
25¾	24⅜	Transamrica	1.92	7.5	11	82	25⅝	25⅜	25⅝	
82½	45⅝	Transam	2.00	3.6	9	1113	53	52¼	52¾	
61½	48	Transatlan	0.36	0.7	12	24	50⅝	50¼	50¼	
18	13	Transco	0.80	3.9	9	1200	15¾	15¼	15¼	
17⅞	6¾	Transcrt R			3	37	13¾	13¾	13¾	
15¾	8⅝	Transtech	0.24	1.7	11	48	14⅝	14½	14½	
43	33½	Travlr	0.50	1.3	10	4149	40	39¾	39¾	
18	12½	Tredegar	0.24	1.8	15	55	15	14¾	14¾	
28½	19¾	TriContl	1.00	3.8	42	4	157	26⅜	26⅜	
54⅜	37½	Trnchl	1.00	2.0	42	748	50⅞	50¼	50⅝	+⅛
30⅝	14⅜	TempInt2.5	2.50	6.9		9	36¼	36	36⅛	+⅛
28½	19¾	Trtrs			8	228	21	20⅝	21	
61⅞	48	Tribune	0.96	1.7	22	1393	57½	56⅝	57	
28½	23½	TriCon	0.88	3.7		216	23⅞	23⅝	23⅞	
47¼	24⅜	Trinity	0.68	1.7	23	1448	41¼	40⅜	41	
36¾	21	Tmove	0.88	1.8	100	1629	u37⅞	36¾	37¼	
43⅞	28⅜	Triton	0.10	0.3	21	1254	30½	30¼	30¼	
4⅝	1⅞	Tucson El			27	4671	3¼	3⅛	3⅛	
10½	5¼	Tultex Cp	0.20	3.3	37	826	6	5⅞	6	
14⅜	5¾	Turkish In	0.12	1.1		1175	10¾	10½	10⅝	
34	24	Tenth Cent	0.84	2.5	11	481	25½	24¾	25¼	
21¼	16⅞	Twin Disc	0.70	3.4	19	9	20¾	20⅝	20⅝	
55	37⅞	Tyco L	0.40	0.7	31	782	53½	52⅜	53½	
14	7⅜	Tyco T	0.10	1.0	15	983	9⅞	9⅝	9⅝	
8½	4¼	Tyler			83	16	6	5⅞	5⅞	

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150½	110¾	UAL			53	2035	143	140¼	142	
33¼	21⅝	UJB Fin	0.84	3.3	17	1391	25½	25⅛	25⅜	+⅛
10⅞	4⅝	URS			38	13	7	6⅝	7	
52⅞	46⅝	USFG$ 4.1	4.10	8.1		25	50½	50¼	50½	
38	29⅝	USG			11	518	30½	30¼	30¼	
33¾	24⅜	UST	1.12	3.9	16	8825	28⅝	28¼	28½	
52½	36½	USX CnvPf	3.75	7.3		13	51½	51¼	51½	
10⅝	4¼	UDC Hm	1.88	18.7	6	68	9¾	9	9	
25⅜	21½	UGI Corp	1.34	5.7	25	430	23⅝	23½	23½	
10¾	5¾	UNC Inc			15	125	10¾	10	10⅛	
38¾	20	Unifi Inc	0.58	2.3	15	1874	25	24¼	24¾	
34⅜	15½	Unifirst	0.10	0.8	18	45	16⅜	16⅛	16⅛	
74¼	56	Unilvr	0.80	1.3	10	13	71½	71	71¼	
108⅜	85½	UnilNV	1.65	1.3	17	881	117⅝	116⅝	117½	
50¾	39¼	UnCamp	1.58	3.2	67	1403	48¾	48¼	48¾	
26	16	UnCarb	0.75	3.0	25	2214	25¼	24¾	25	
15	9⅞	Union Corp			18	5	11½	11½	11½	
56¾	48	UnEl 3.50	3.50	6.5		3	54	54	54	
72	60½	UnEl 4.50	4.50	6.8		210	66⅛	66⅛	66⅛	
44⅜	35¾	UnElec	2.38	6.5	13	2085	37	36⅝	36⅝	
67⅛	56⅞	UnPac	1.80	2.8	18	2305	62¾	62¼	62⅜	
30	22⅜	UnionPlant	0.84	3.5	9	270	24¾	24	24¼	
27⅞	17⅜	UnocalTexas	0.20	1.0	55	287	19¾	19½	19⅝	
15¼	1½	UtdAirFn			0	1008	2¾	2	2⅛	
15¼	9⅛	Unisys	2.77	18.6	10	4108	14⅞	14¼	14⅜	
4¾	1⅜	Unit Corp			22	117	2⅝	2⅜	2⅜	
47⅜	28¾	UtdAsset	0.88	2.2	21	90	39¾	39¾	39¾	
16⅜	12	UtdDomRty	0.70	5.3	66	449	13¼	13⅛	13¼	
21½	8	UtdDominid	0.20	1.0	33	58	20	19⅞	20	
87¼	40	UtdKitchns	0.08	0.0	38	3444	86	84¾	85⅝	
45⅜	35¾	UtdStInvm	2.88	7.5	10	288	39½	38¾	39	
10⅝	4	UtdVntrs	0.28	4.7	5	29	6	5⅞	6	
13⅜	8⅞	UtdVgtonFnd	0.15	1.1		58	13⅜	12⅞	13⅛	
17⅞	8⅜	UtdParkCM			14	109				
24⅜	11⅛	USAir	0.12	0.9	1	4759	12⅞	12⅝	12¾	
15⅝	11⅛	USF&S	0.20	1.4	15	2000	15	14¾	14¾	
28⅝	18⅜	US Filter			31	474	20¼	20	20	
28½	19⅜	USHome			8	1257	24¼	27¾	27¾	
45¾	35¾	USLICp	1.24	3.2	10	281	40	39	39¾	
35⅜	8⅞	USSteel	0.32	2.5	25	494	13¾	12⅞	12⅞	
79¼	19⅝	USSurg	0.08	0.3	44	2990	27⅞	26⅝	26⅝	
50⅜	37⅜	USWest	2.14	5.1	35	3514	42⅜	41⅞	41⅞	
69⅜	45⅜	UtdTec	1.80	2.7	19	4127	67⅝	66⅞	67⅜	
15⅞	13¼	UtdWater	0.92	6.5	13	148	14¼	14⅛	14⅛	
15⅛	9⅜	Unitrode			23	57	14½	14¼	14⅜	
37¼	30⅜	Univ Foods	0.92	2.9	14	430	31⅞	31¾	31⅞	
18⅞	14⅜	Univ Hlth	1.66	9.8	11	82	17¼	17	17	
18¾	14	UnivHotel L				0	24		18	
14¾	9½	Univer Cp	0.30	2.5	36	10	11⅞	11⅝	11⅝	
33¾	21⅜	Univl Cp	0.98	4.5	12	798	21⅞	21½	21⅝	
32⅝	22⅜	Unocal	0.80	2.8	22	3436	29⅜	28⅝	28⅝	
50¼	47¾	UNUM Corp	0.80	1.5	13	1393	52¼	51¾	51¾	

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35	25⅜	Upjhn	1.48	6.2	12	2318	29	28½	28½	
20	15	USLICO	0.24	1.4	6	33	17	16⅝	16

AMERICA

Cyclicals rise, Dow ignores talks failure

Wall Street

Cyclical stocks led share prices moderately higher yesterday morning as investors brushed aside concern over US-Japanese trade relations, *writes Frank McGurty in New York.*

By 1 pm, the Dow Jones Industrial Average was 18.29 ahead at 3,913.04, while the more broadly based Standard & Poor's 500 was up 1.37 at 471.55.

In the secondary markets, the American SE composite was 1.62 ahead at 475.67, and the Nasdaq composite gained 3.65 to 785.04.

Activity on the NYSE was brisk, with 147m shares traded by 1 pm. Advancing issues led declines by 1,068 to 879.

Stocks faltered at the opening as investors sought to put into perspective a 2.7 per cent slide in Tokyo overnight and a sharp decline in the value of the dollar against the yen.

However, investors quickly decided that the collapse of Friday's bilateral trade talks in Washington would have only a minor impact on US corporate earnings, and stocks soon reflected their lack of concern.

Heightened trade tensions also failed to unhinge the US treasury market, a development which helped soothe the nerves of equity investors. The price of the benchmark 30-year government security was only slightly lower at midday.

The market was looking ahead to a week nearly free of potential obstacles, with the exception of January's consumer price index, due out on Thursday. But the inflation data was not expected to carry much significance because of the distorting effect of last month's severe weather.

In such a vacuum, cyclical issues, stocks closely linked to broad economic trends, were free to resume their march forward.

Caterpillar advanced $1 to $106½, General Electric added $1⅛ to $108¾ and Alcoa put on $1⅜ to $79½. United Technologies climbed $1¼ to $67 after Morgan Stanley upgraded the issue.

Car makers were back in favour after three losing sessions: General Motors gained $1¼ to $62¼, Chrysler $⅝ to $59⅝ and Ford $⅝ to $66¼.

With Paramount shareholders set to choose between rival takeover offers, principals in the long-running takeover saga were active.

QVC jumped $2⅜ to $49¼ amid expectations that its bid would fail, while Viacom B shares fell $1⅛ to $30 on the likelihood that its offer would prevail. The target company's stock eased $1½ to $76¾.

In healthcare, investors continued to respond favourably to last week's merger of Columbia Healthcare and Hospital Corporation of America. Columbia HCA added $1⅛ to $39¾.

On the Nasdaq technology sector, Lotus Development jumped $1¾ to $57¼ and SynOptics added $⅝ to $27¾.

But Technical Communications was marked down $2¼, or 17 per cent, to $11 after posting a first-quarter loss of 24 cents a share.

Canada

Toronto was supported by strength in the metals and minerals sector at midday.

The TSE-300 composite was up 8.90 to 4,414.50 at noon in volume of 31m shares.

The metals and minerals sub-index was 24.00 higher at 3,633.36.

Among the actives Maclean Hunter was off C$¼ at C$17¾, Canadian Pacific down C$1 at C$22¾ and Royal Bank of Canada up C$⅛ at C$29¼.

SOUTH AFRICA

Equities fell sharply in the afternoon session on worries over the political outlook. The gold index lost 68, or 3.7 per cent to 1,749 in spite of a firm bullion price, industrials weakened 96 to 5,544 and the overall index by 85 to 4,692.

EUROPE

Bourses weaken after an optimistic beginning

Although US stocks moved on a rising trend in the European afternoon, bourses managed to end weak after a relatively optimistic start. Low turnover was another feature of the day, *writes Our Markets Staff.*

PARIS, unable to find any good news, persisted with its downward correction following steep gains earlier in the month. The CAC-40 index lost 31.93 or 1.4 per cent to 2,243.16 as turnover sank to FFr3.3bn from Friday's FFr4.7bn.

There was some interest in Thursday's Bundesbank council meeting: Mr Michael Woodcock of Nikko Europe said that it remained to be seen whether the French "would feel able to act unilaterally in cutting rates if the Buba were to fail to act . . . the market has been anticipating a German rate cut for at least two months, and while inaction can be understood after the traumas of last summer, it may be emboldened by the quarter point rate cut in the UK and the continued strength of the franc against the D-Mark".

Elf Aquitaine lost FFr2 to FFr415 ahead of the announcement of the institutional offer price after the close of Wall Street last night. The private tranche was three times subscribed.

There was a further fall in Euro Disney, down FFr2.10 to FFr34.05 as bankers held talks with Walt Disney, the theme park's parent company, over financial restructuring.

FRANKFURT began by consolidating Friday's post bourse gains, the Dax index adding a little more and closing 25.40 higher at 2,116.01 after last week's 2.2 per cent fall. Turnover reflected the carnival season, falling from DM9.6bn to DM5.1bn.

However, in the afternoon thoughts turned to the prospect of a national engineering strike after the failure of last Friday's metalworkers' wage negotiations. Bund and Dax futures weakened and the Ibis indicated Dax dropped to close at 2,101.93.

Mr Harry Jaarsma of Dresdner Bank in Frankfurt said that retailers were weak after Friday's report that German retail sales dropped by an inflation-adjusted 6 per cent in December compared with the year before. After hours, recent favourites held their gains well, BMW ending at DM813 after an official close of DM816.50, up DM16.50 and Degussa at DM490 after DM494, up DM10.

AMSTERDAM weakened in line with the general trend, the AEX index losing 5.59 at 428.78.

Fokker's downside was limited; the market had already discounted its announcement yesterday of job cuts and restructuring proposals, and the shares eased 20 cents to Fl 22.90.

Bigger losses were seen among the more heavily capitalised issues, with Royal Dutch losing Fl 2.80 to Fl 212.60 and Elsevier Fl 3.20 to Fl 182.80.

MILAN began the first day of the new account broadly lower, but some gains were featured particularly with companies associated with the forthcoming privatisation of Banca Commerciale Italiana.

BCI itself moved up L71 to L5,601 as investors anticipated a successful flotation: the public share offer begins on February 28. Advances were also seen in Generali, up L175 to L40,680, and Gemina, up L47 to L1,563 on suggestions that they may take stakes. The Mibtel index lost 1.1 per cent to 10,792.

Domestic investors were still unsettled by the political environment, with Mr Silvio Berlusconi's Forza Italia making steady gains in opinion polls. Mr John Stewart of InterEuropa in Milan commented that the weekend arrest of Mr Berlusconi's brother for alleged corruption was unlikely to have a long-term effect on his campaign, while his increasing popularity should not be under-estimated.

ZURICH fell by 1.3 per cent in subdued dealings, the SMI index closing 38.6 lower at 2,947.1. It had risen at the outset on short covering after last week's index drop of 4.9 per cent, but subsided in the afternoon on a drop in index futures: the SMI February future ended at 2,951.0.

Individual stocks reflected the day's pattern. The most active, Roche certificates, fell SFr105 to SFr6,825 after an earlier rise to SFr7,075.

MADRID blamed a gloomy macroeconomic outlook as the general index closed 2.16 lower at 345.82 on a combination of rising unemployment, up from 17.5 to 18 per cent of the total workforce in January and worse-than-expected January inflation data.

Turnover fell to Pta26.1bn from Pta48.4bn. Weakness in bonds drove equities down and banks were hit worse than most, with BBV Pta70 lower at Pta3,360 and Banesto down Pta14 at Pta701.

ATHENS dropped 4.1 per cent, the general index closing 43.02 lower at 1,018.55 with investors cautious over the possibility that Nato forces could become involved in the Bosnian crisis.

ISTANBUL, down 22.5 per cent last week, recovered 8.9 per cent on aggressive central bank moves in the money and currency markets to check the depreciation of the lira. The composite index ended at a provisional 15,096.03, up 1,232.33.

Written and edited by William Cochrane and John Pitt

FT-SE Actuaries Share Indices

Feb 14 — THE EUROPEAN SERIES

Hourly changes	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close
FT-SE Eurotrack 100	1492.76	1491.57	1490.49	1488.38	1486.59	1483.47	1478.10	1477.57
FT-SE Eurotrack 200	1548.36	1546.26	1544.20	1543.06	1538.87	1537.49	1533.51	1534.06

	Feb 11	Feb 10	Feb 9	Feb 8	Feb 7
FT-SE Eurotrack 100	1487.35	1488.22	1504.86	1512.37	1488.54
FT-SE Eurotrack 200	1543.87	1559.07	1561.00	1574.86	1557.75

Base value 1000 (29/10/93); High/day: 100 - 1493.25; 200 - 1548.72 Low/day: 100 - 1477.07 200 - 1533.51.

ASIA PACIFIC

Nikkei down 2.7%, sharp falls in Hong Kong, Taiwan

Tokyo

The failure of the US-Japan trade talks, the sharp rise in the yen as a result, and technical selling stemming from the listing of the Nikkei 300 stock futures contract depressed investor confidence and the Nikkei 225 average plunged 2.7 per cent, *writes Emiko Terazono in Tokyo.*

The 225 lost 531.45 to 19,459.25 after a high of 19,938.99 and a low of 19,368.24. The Topix index of all first section stocks lost 26.16 to 1,581.98.

Traders said that the market was driven down by small-lot selling in low trading volume. "Half of the cause was the rise in the yen, and the other half the shifting of futures positions from the Nikkei 225 to the Nikkei 300," said Mr Yasuo Ueki at Nikko Securities.

The yen moved to a three-month high against the dollar, closing at Y105.69. However, rumours that the Bank of Japan had intervened in the currency market to stop its ascent triggered buying just below the 19,400 level. The Nikkei 300 index, against which the Nikkei 300 futures contract was listed in Osaka, fell 4.4, or 1.5 per cent, to 292.41.

"The fate of the market is in the hands of currency market traders now," said Mr Alan Livsey at Kleinwort Benson. He added that in a worst case scenario, the Nikkei 225 could fall to 18,500 in the next few days.

Volume was 300m shares against 359m, declines leading advances by 934 to 155 with 82 unchanged. In London, the ISE/Nikkei 50 index fell 16.90 to 1294.40.

Export-related stocks plunged on the yen's appreciation. Sony lost Y240 to Y6,050 and TDK Y110 to Y4,160. Automobiles, however, were mixed, with Nissan Motor down Y19 to Y819, and Toyota Motor up Y10 to Y1,910.

Banks were lower on profit-taking. The Industrial Bank of Japan fell Y50 to Y3,270 and Dai-Ichi Kangyo Bank Y20 to Y1,930.

The telecommunications sector, recently up on the "multimedia" theme, lost ground, Fujitsu shedding Y50 to Y1,000 and Nippon Telegraph and Telephone Y29,000 to Y926,000.

Pharmaceutical shares, unaffected by currency fluctuations, were firm. Takeda Chemical rose Y20 to Y1,300 and Daiichi Pharmaceutical gained Y10 to Y1,580.

In Osaka, the OSE average fell 288.65 to 21,490.97 in volume of 38.1m shares.

Roundup

The year of the dog opened with a whimper, as Hong Kong and Taiwan came back to sharp losses from last week's holiday.

HONG KONG looked at Tokyo and a worrying couple of days on Wall Street, added expectations of tighter domestic credit and dropped equities in thin volume.

The Hang Seng index ended 515.22, or 4.5 per cent lower at 10,988.81, about 100 points above its worst.

Unfortunately, London decided the fall was not steep enough, and knocked off another 1½ per cent, the Fleming Hong Kong index falling 167 to 10,822. Turnover was HK$6.29bn against HK$5.04bn in last Wednesday's half-day session on the final day of trading before the lunar new year.

TAIWAN dropped 4.4 per cent after heavy selling in the finance sector, the weighted index ending 278.87 lower at 6,015.26 in moderately active turnover of T$68.93bn.

The market had been closed for a week which had seen losses elsewhere, and sentiment was also hurt by the possibility of tighter liquidity in the money market this week.

The financial sector lost 6.3 per cent with Cathay Life and the big three banks limit down.

BOMBAY's speculators sold to comply with a Securities and Exchange Board of India (SEBI) order to liquidate all forward positions by March 12, and the BSE 30-share index closed 79.69, or 2 per cent down at 3,911.69. This followed a 2 per cent decline last week, and a two-month long bull run which sent share prices up by nearly 50 per cent.

SEOUL reacted to its own market-cooling measures with the composite index losing 15.77, or 1.7 per cent, at 901.38 in a correction in which, it was estimated, expensive blue chips and and other low PER stocks have fallen by about 30 per cent.

SINGAPORE's Straits Times Industrials index fell 22.30 to 2,319.30 but a sharp fall in the index stock Wing Taion going ex-rights contributed to the fall, brokers said. Wing Tai was quoted S$1.46 lower at S$3.00.

AUSTRALIA recovered from an early sell-off in early trade, defying the Tokyo and Hong Kong trend to close with the All Ordinaries index only 2.8 lower at 2,238.6.

ANZ rose 16 cents to A$5.68 in 4.6m shares, but the better trend in industrials was balanced by lower metal prices, which dragged the all resources index down 10.2 down to 1,345.7.

BANGKOK featured cautious bargain hunting by Thai investors which pushed the SET index up 5.86 to 1,422.20. Turnover was still low at Bt7bn against Friday's Bt5.5bn, and brokers said that investors were waiting for a lead from New York.

KARACHI closed higher on settlement day, driven by interest in liquid stocks in the textile, cement and energy sectors, and prompted by reports of buying by a foreign fund. The KSE 100 share index rose 39.64 to 2,379.34.

COLOMBO built corporate earnings growth expectations, the approval of a second Sri Lankan country fund and low interest rates into another, 19.37 rise to a new 1994 high of 1,207.18 in the CSE all-share index.

Italy stands alone in bearish week

By John Pitt

Italy stood alone last week, the only component of the FT-Actuaries World Index to show a positive trend as it continued to attract favourable brokers' recommendations.

Kleinwort Benson reflects the optimism currently surrounding the market, forecasting that it is likely to be among Europe's top performers in 1994. Mr Enrico Ponzone of Kleinwort remarks that foreign investors, particularly from the US, have already prepared themselves for a victory by the left-wing Progressive Alliance in next month's general elections.

"In discounting a left-wing victory, the market seems to be accepting the lesser of two evils – given the dangers presented by some of the policies put forward by both the League and the neo-fascists, not to mention Berlusconi's questionable credentials," he says. The media magnate formed the Forza Italia in an attempt to counter the possibility of a left-wing victory.

Goldman Sachs is similarly bullish, saying falling interest rates, a competitive lira, and subdued inflationary pressures offer a "moderately positive stance".

Other European bourses reacted during the week less to the tightening of US monetary policy than to worries over the possible delay in a further easing of domestic rates, although both the UK and Belgium moved modestly in that direction.

Switzerland was the heaviest faller. Here, technical factors were a major influence. Mr Hans Kaufmann at Bank Julius Baer in Zurich noted that small and medium sized companies had escaped the correction, however, with many still showing 5-6 per cent rises in their prices since the start of the year.

He added that government bond yields had picked up during the week from 4.02 per cent to 4.19 per cent, "not a big movement but it makes the market nervous". Much of the week's selling was by institutions, while foreign sales had swelled trading volumes as investors took profits and booked currency gains.

Ireland also declined, but, says Mr Adrian O'Carroll at Dillon Read, this needs to be taken in context with the market's strong performance since January. "There was some profit-taking", he says, "and I would expect the market to track UK equities quite closely in the short term."

MARKETS IN PERSPECTIVE

	% change in local currency †				% change sterling †	% change in US $ †
	1 Week	4 Weeks	1 Year	Start of 1993	Start of 1993	Start of 1993
Austria	-2.62	-1.24	+40.06	+43.05	+35.91	+31.62
Belgium	-1.02	+1.44	+24.80	+34.36	+27.56	+23.54
Denmark	-1.44	+1.06	+39.76	+54.02	+46.05	+41.45
Finland	-3.53	+3.67	+105.66	+129.51	+118.45	+111.59
France	-2.37	+0.88	+25.52	+29.84	+24.40	+20.48
Germany	-1.92	-1.49	+25.44	+35.10	+28.98	+24.90
Ireland	-4.18	-3.55	+51.46	+61.55	+44.36	+39.81
Italy	+1.40	+14.14	+45.02	+61.11	+45.02	+40.44
Netherlands	-0.07	+2.39	+37.63	+45.56	+39.23	+34.84
Norway	-3.46	+2.72	+45.41	+54.44	+45.76	+41.17
Spain	-2.41	+3.15	+41.18	+58.99	+31.95	+22.78
Sweden	-4.99	-0.67	+42.20	+46.44	+32.27	+28.01
Switzerland	-5.74	-0.17	+41.22	+45.26	+48.92	+44.22
UK	-2.64	-0.38	+21.16	+21.54	+21.54	+17.71
EUROPE	-2.47	+0.70	+28.54	+33.24	+29.17	+25.10
Australia	-3.75	+2.23	+35.57	+39.45	+50.00	+45.27
Hong Kong	-5.36	+5.24	+98.78	+110.11	+116.70	+109.87
Japan	-0.34	+5.29	+24.08	+23.01	+46.96	+42.33
Malaysia	-3.05	-1.16	+87.74	+104.78	+100.27	+93.96
New Zealand	-3.49	+4.96	+50.76	+54.84	+78.38	+72.74
Singapore	-1.77	+1.53	+55.66	+60.07	+71.06	+65.88
Canada	-1.36	-2.65	+21.08	+23.70	+20.85	+17.04
USA	-0.01	-1.06	+4.52	+7.30	+10.80	+7.30
Mexico	-0.18	+11.04	+57.91	+56.66	+62.53	+57.41
South Africa	-4.99	-2.11	+42.21	+55.59	+70.39	+65.01
WORLD INDEX	-1.08	+1.41	+18.86	+21.30	+28.59	+24.54

† Based on February 11th 1994. Copyright, The Financial Times Limited, Goldman, Sachs & Co.,and NatWest Securities Limited.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Ltd., Goldman, Sachs & Co. and NatWest Securities Ltd. in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS (Figures in parentheses show number of lines of stock)	FRIDAY FEBRUARY 11 1994: US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	THURSDAY FEBRUARY 10 1994: US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	DOLLAR INDEX: 1993/94 High	1993/94 Low	Year ago (approx)
Australia (89)	181.76	0.2	183.78	123.97	166.53	168.74	0.5	3.06	181.33	183.85	124.31	165.29	167.92	189.15	126.36	126.36
Austria (17)	184.48	-1.8	186.53	125.82	168.90	167.83	-2.0	0.95	187.87	190.58	128.79	171.25	171.37	195.41	139.23	139.23
Belgium (42)	164.59	-0.6	166.42	112.26	149.89	149.77	-0.7	3.92	165.58	167.97	113.51	150.93	147.80	169.06	139.22	139.44
Canada (107)	135.35	-1.2	136.85	92.31	123.26	131.70	-1.1	2.56	136.96	138.94	93.89	124.85	133.13	145.31	117.81	119.89
Denmark (32)	263.26	-1.0	266.19	179.56	239.75	244.85	-1.0	0.93	265.88	269.72	182.27	242.38	247.21	275.79	195.66	202.60
Finland (22)	147.29	-1.7	148.92	100.48	134.13	175.37	-1.8	0.58	149.84	152.00	102.72	136.59	178.56	158.72	88.33	88.88
France (90)	177.32	-1.0	179.29	120.94	161.49	165.61	-1.0	2.81	179.06	181.64	122.75	163.22	167.27	185.37	149.60	150.06
Germany (59)	129.95	-1.1	131.40	88.64	118.35	118.35	-1.2	1.79	131.35	133.25	90.05	119.74	119.74	142.38	107.59	109.46
Hong Kong (58)	484.98	0.0	470.15	317.14	423.46	482.68	0.0	2.30	484.86	471.58	318.89	423.77	482.68	506.56	233.84	234.40
Ireland (14)	186.83	-1.6	191.94	129.47	172.88	190.43	-1.5	2.93	192.99	195.77	132.30	175.92	193.31	209.33	129.29	131.26
Italy (68)	77.06	0.0	77.92	52.56	70.18	97.28	-0.1	1.88	77.08	78.20	52.84	70.27	97.38	78.93	55.21	58.11
Japan (469)	149.49	0.5	151.15	101.96	136.14	101.96	0.0	0.80	148.73	150.86	101.96	135.56	101.96	165.91	106.97	108.11
Malaysia (89)	507.12	0.0	512.76	345.69	461.84	539.35	0.0	1.35	507.22	514.54	347.71	462.36	539.35	621.63	267.66	268.97
Mexico (18)	2584.05	-1.5	2622.85	1769.26	2362.36	8806.39	-1.5	0.57	2632.57	2670.54	1804.69	2399.70	8937.17	2647.06	1410.30	1545.63
Netherland (26)	204.15	0.3	206.42	139.24	185.92	182.95	0.2	2.90	203.57	206.50	139.55	185.56	182.60	207.43	155.94	166.07
New Zealand (14)	74.09	-1.0	74.92	50.54	67.48	68.81	-0.7	3.39	74.81	75.89	51.28	68.19	69.10	77.59	43.91	43.97
Norway (23)	194.40	-0.8	196.56	132.59	177.04	199.89	-0.9	1.46	196.07	198.90	134.41	178.72	201.59	204.44	138.63	143.77
Singapore (45)	350.49	0.0	357.42	241.10	321.93	258.20	0.0	1.60	353.38	358.49	242.26	322.13	258.20	378.92	213.57	218.38
South Africa (50)	244.36	-1.8	247.10	166.68	222.56	244.51	-1.4	2.34	248.77	252.36	170.54	226.77	248.06	280.26	160.78	175.42
Spain (42)	149.01	-0.6	150.67	101.64	135.71	160.90	-0.9	3.84	150.21	152.38	102.97	136.93	162.29	155.79	116.33	127.39
Sweden (36)	212.08	-1.3	214.44	144.65	193.14	253.84	-1.5	1.37	214.91	218.02	147.33	195.91	257.61	230.02	154.59	161.48
Switzerland (49)	162.98	-1.0	164.79	111.16	148.42	149.14	-1.1	1.46	164.61	166.96	112.84	150.05	150.63	176.56	109.14	110.94
United Kingdom (215)	202.89	-0.5	205.14	138.38	184.77	205.14	-0.9	3.50	203.98	206.92	139.84	185.94	206.92	214.96	162.00	162.00
USA (518)	191.11	0.2	193.23	130.34	174.04	181.11	0.2	2.74	190.63	193.36	130.68	173.77	190.63	196.04	178.29	182.83
EUROPE (744)	170.15	-0.7	172.04	116.05	154.96	166.35	-0.9	2.72	171.34	173.81	117.46	156.18	167.81	178.56	134.90	134.90
Nordic (113)	208.88	-1.3	209.16	141.09	188.38	216.49	-1.4	1.16	209.52	212.54	143.63	190.86	219.61	220.60	145.85	149.28
Pacific Basin (722)	161.75	0.4	163.55	110.32	147.30	114.43	0.0	1.08	161.05	163.36	110.41	146.61	114.41	168.80	112.00	112.98
Euro-Pacific (1466)	165.09	-0.1	166.93	112.60	150.35	134.64	-0.4	1.77	165.16	167.57	113.24	150.57	135.14	170.78	121.97	121.83
North America (625)	187.64	0.2	189.73	127.98	170.88	187.02	0.2	2.73	187.29	189.99	128.39	170.73	186.66	192.73	172.67	178.93
Europe Ex. UK (529)	149.29	-0.8	150.85	101.82	135.96	149.43	-0.9	2.23	150.49	152.85	103.16	137.17	144.70	155.73	117.81	117.81
Pacific Ex. Japan (253)	279.48	0.0	282.60	190.63	254.54	257.12	0.1	2.34	279.37	283.41	191.52	254.67	256.84	298.21	160.73	160.73
World Ex. US (1651)	166.79	-0.1	168.64	113.76	151.89	137.88	-0.4	1.78	167.01	169.42	114.49	152.24	138.47	172.51	122.77	123.23
World Ex. UK (1954)	171.07	0.1	172.97	116.68	155.79	149.73	-0.1	1.98	170.96	173.43	117.20	155.84	148.67	176.58	138.71	140.47
World Ex. So. Af. (2109)	173.47	0.0	175.39	118.31	157.97	153.82	-0.2	2.13	173.42	175.99	118.89	158.08	154.07	178.56	140.95	142.23
World Ex. Japan (1700)	188.58	-0.2	190.67	128.62	171.74	185.64	-0.2	2.86	188.95	191.67	129.53	172.23	186.09	195.20	159.44	161.80
The World Index (2169)	173.86	0.0	175.79	118.56	158.33	154.56	-0.2	2.13	173.85	176.36	119.18	158.47	154.83	178.97	141.01	142.96

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Latest prices were unavailable for the editor. Markets closed 11/2/94: Hong Kong, Japan, Malaysia and Singapore.

Spain - Economic Outlook

The Central Hispano report on the Spanish economy

CURRENT ACCOUNT DEFICIT: IMPROVEMENT UNDERWAY

Spain's economic downturn and the peseta's devaluation have produced a significant improvement in the current account deficit, one of the country's traditional bottlenecks which has held back growth potential.

Higher exports, spurred by the gain in competitiveness of exports from the peseta's slide, and very low import growth, reflecting weak domestic demand, reduced the trade deficit by 36.8% in 1993 to $15.6bn (3.4% of GDP). This, combined with a higher surplus on the tourism account, helped to lower the current account deficit to $5 bn (around 1% of GDP) from 3.3% in 1992.

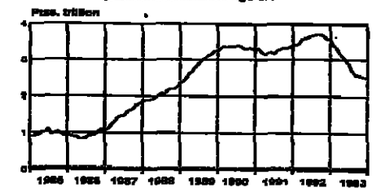
The coverage ratio (exports as a percentage of imports) improved to 80% from 68% in 1992.

The external sector was the main motor of the Spanish economy in 1993, contributing 2 points to GDP growth and helping to partially offset the sharp fall in domestic demand. The depressed home market forced many large companies to seek international outlets for their products.

In 1985, the last year before Spain joined the European Community, the current account registered a surplus equivalent to 1.4% of GDP. By 1992, after a period of economic boom, full trade liberalisation and a gradual erosion of competitiveness caused by the spurt in labour costs, the current account deficit reached 3.3% of GDP - high by international standards - and financing problems appeared.

The surge in imports and weak export growth pushed up the trade deficit to 5.3% to GDP in 1992. With the peseta locked into the fluctuation band of the European Monetary System (EMS) exchange-rate mechanism as of 1989, Spain could not resort to a devaluation to boost its competitiveness. Furthermore, the problem was compounded by high interest rates and the peseta's strength.

SPAIN'S TRADE DEFICIT
(12-month cumulative figures)



Source: Customs.

The turmoil in the EMS during 1992, following a loss of confidence in European convergence, hit the peseta hard because of Spain's inflation level and high budget and current account deficits. As part of an EMS realignment the peseta was devalued three times between September 1992 and May 1993 and by February 1994 had fallen 22% against the DM.

Real growth in exports was 15% in 1993. Exporters have also been able to increase their prices and rebuild their margins which had been severely eroded. Growth in export has been markedly different by markets: weak in the case of the European Union (which accounts for close to 70%) because of recession in many countries and very strong (particularly capital goods) to the "Asian tigers" (Taiwan, South Korea, Hong Kong and Singapore) and some Latin American nations, partly because of the peseta's much greater slide against the US dollar. Growth in exports to the "Asian tigers" was 76% in the first 11 months of 1993, compared with a fall of 3.2% in the same period of 1992.

Meanwhile, the peseta's fall increased the average price of imports by 6% in 1993, compared with a fall of 3.7% in 1992. Imports declined 3% in real terms in 1993, after rising 9% in 1992. The fall was particularly sharp in capital goods because of the current downturn in productive investment.

The external sector will continue to provide the main stimulus for the Spanish economy this year. Increased exports are helping to reactivate investment. However, it is still necessary to improve price competitiveness in order to ensure that the gains from the devaluation of the peseta do not disappear. The government's proposed labour market reforms, which are being debated in parliament, and the likely wage moderation this year are steps in the right direction.

Compared with the spectacular fall in 1993, the current account deficit will not come down as much in 1994 because of the slower rate of decline of the trade deficit: since last August it has been falling at year-on-year rates of nearly 10%, against rates of more than -30% in the first seven months of the year, because of a pick-up in imports. Nevertheless it should decline to less than 1% of GDP this year.

In the medium-term, it will be necessary to contain labour costs and make greater headway in reducing inflation in order to ensure that when domestic demand picks up and economic growth bounces back Spain is in a position to sustain the progress it has made.

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